

**COPY**

**Petitioner's Exhibit KAH**

**I.U.R.C. CAUSE NO. 43229**

**FILED**

**MAY 25 2007**

**INDIANA UTILITY  
REGULATORY COMMISSION**

**DIRECT TESTIMONY  
OF  
KERRY A. HEID**

**ON BEHALF OF THE PETITIONER  
MIDWEST NATURAL GAS CORPORATION**

**ON  
COST OF SERVICE STUDY, RATE DESIGN AND  
TARIFF CHANGES**

1 **DIRECT TESTIMONY**  
2 **OF**  
3 **KERRY A. HEID**  
4  
5  
6

7 **I. INTRODUCTION AND OVERVIEW**  
8

9 **1. Please state your name and business address.**

10 A. My name is Kerry A. Heid. My address is 3212 Brookfield Drive, Newburgh, IN  
11 47630.

12 **2. What is your occupation?**

13 A. I am an independent utility rate consultant. I have been engaged by the  
14 Petitioner, Midwest Natural Gas Corporation, to prepare a cost of service study  
15 and recommend a rate design and other tariff changes in this proceeding.

16 **3. What is your educational background?**

17 A. In 1973, I graduated from Purdue University with a Bachelor of Science degree  
18 in Civil Engineering. In 1985, I graduated from Indiana University with a Master  
19 of Business Administration degree, majoring in Finance.

20 **4. Please describe your business experience.**

21 A. My business experience and qualifications are set forth in Petitioner's Exhibit  
22 KAH-1.

23 **5. Do you hold any professional accreditations?**

24 A. Yes. I have been a licensed Professional Engineer in the State of Indiana since  
25 1977.

26 **6. Have you previously testified before this Commission?**

1 A. Yes. I have testified on numerous occasions before this Commission on cost-  
2 of-service, rate design and other matters.

3 **7. What is the purpose of your testimony in this proceeding?**

4 A. The purpose of my testimony is to present evidence on:

- 5 (1) Petitioner's cost of service study;  
6 (2) Petitioner's proposed revenue allocations among its rate schedules;  
7 (3) The proposed rate design and levels of rates and charges applicable to  
8 each rate schedule; and  
9 (4) Petitioner's Tariff for Gas Service;

10 **8. How is your testimony organized?**

11 A. My testimony is organized into the following sections:

- 12 I. Introduction and Overview  
13 II. Overview of Rate Schedules  
14 III. Cost of Service Study  
15 IV. Proposed Revenue Allocation Among Rate Classes  
16 V. Proposed Rates and Charges  
17 VI. Proposed Changes to General Terms and Conditions

18 **9. What exhibits are you sponsoring in this proceeding?**

19 A. I am sponsoring the following exhibits:

- 20 KAH-1 Business Experience and Qualifications of Kerry A. Heid  
21 KAH-2 Rate Merger Graphic  
22 KAH-3 Cost of Service Study  
23 KAH-4 Operating Income at Present and Proposed Rates  
24 KAH-5 Rate Class Subsidy Levels at Present and Proposed Rates  
25 KAH-6 Revenues from Gas Sales at Present and Proposed Rates  
26 KAH-7 Proposed Tariff for Gas Service  
27 KAH-8 Bill Impact Tables

5 **II. OVERVIEW OF RATE SCHEDULES**  
6

7 **10. Please provide an overview of Petitioner's rate schedules.**

8 A. Petitioner currently maintains two separate Tariffs-one for Midwest Gas  
9 Corporation ("Midwest") and one for its Peoples Gas & Power Division  
10 ("Peoples"). As Petitioner's Executive Vice President and Chief Operating  
11 Officer Mr. David A. Osmon describes in his prefled Direct Testimony,  
12 Petitioner is now proposing to merge the Peoples Division tariff into the Midwest  
13 tariff as part of the operational merger of Midwest and Peoples previously  
14 approved by the Commission.

15 **11. Please describe Petitioner's proposal to merge the Peoples Division rate**  
16 **schedules into the Midwest rate schedules.**

17 A. Petitioner proposes to merge the Peoples Division rate schedules into the  
18 Midwest rate schedules. Petitioner believes that combining its two divisions for  
19 rate purposes will be administratively more efficient. Moreover, there is no cost  
20 basis to maintain separate Midwest and Peoples Division rates. All plant in  
21 service, operation and maintenance expenses, and taxes are commingled; they  
22 are not maintained separately by division. Petitioner's capital requirements are  
23 not on a division basis but rather on a total company basis. Petitioner's costs of  
24 providing service to customers are common costs rather than division-specific  
25 costs. Finally, Midwest and the Peoples Division are managed and operated as  
26 a consolidated and coordinated whole; it does not make sense to try to

1 distinguish among the customers on the basis of geography. The logical  
2 extension is that the charge for the same product at the same service levels  
3 should be the same, irrespective of a customer's geographic location.

4 **12. Please describe how you treated the Midwest and Peoples Division rate**  
5 **schedules in your cost of service study.**

6 A. Because the Peoples Division rate schedules are proposed to be merged into  
7 the Midwest rate schedules, I have reclassified all Peoples Division customers  
8 into their corresponding Midwest rate schedules. Petitioner's Exhibit KAH-3  
9 presents a graphic that illustrates how the Peoples Division customers will be  
10 reclassified into the Midwest rate schedules.

11 **13. Please provide an overview of the current Midwest rate schedules that form**  
12 **the basis for your cost of service study.**

13 A. The current rate schedules are summarized below. Each of these rate  
14 schedules will be discussed in further detail in later sections of my testimony.  
15 Rate A-General Service is a firm sales service available to residential,  
16 commercial and public authority customers with meters rated at 415 cubic  
17 feet per hour ("cfh") or less. It is not available to customers that utilize natural  
18 gas service for an industrial process. The current Midwest Rate A-General  
19 Service has approximately 11,372 customers. In addition, 2,599 Peoples  
20 Division Rate RS-1 Residential Gas Service customers will be reclassified  
21 into Rate A-General Service. Finally, 246 Peoples Division Rate CS-2  
22 Commercial & Public Authority Gas Service customers having meters less  
23 than or equal to 415 cfh will also be reclassified into Rate A-General Service.

1 In total, following the merger of the Midwest and Peoples Division rate  
2 schedules, the combined Rate A-General Service will have approximately  
3 14,217 customers.

4  
5 Rate B-Commercial Service is a firm sales service available to commercial  
6 and public authority customers with meters rated greater than 415 cfh. It is  
7 not available to customers that utilize natural gas service for an industrial  
8 process. The current Midwest Rate B-Commercial Service has  
9 approximately 385 customers. In addition, 64 Peoples Division Rate CS-2  
10 Commercial & Public Authority Gas Service customers having meters greater  
11 than 415 cfh will also be reclassified into Rate B-Commercial Service. In  
12 total, following the merger of the Midwest and Peoples Division rate  
13 schedules, the combined Rate B-Commercial Service will have approximately  
14 449 customers.

15  
16 Rate C-Industrial Service is a firm sales service available to industrial  
17 customers that utilize natural gas service for manufacturing and/or  
18 processing a product. The current Midwest Rate C-Firm Industrial Gas  
19 Service has 15 customers. There are no Peoples Division customers that  
20 qualify for this rate schedule.

21  
22 Rate D-Interruptible Service is an interruptible sales service available to  
23 customers that utilize natural gas for manufacturing and/or processing a  
24 product. The current Midwest Rate D-Interruptible Service has six

1 customers. In addition, one Peoples Division Rate IS-3 Interruptible Service  
2 customer will be reclassified into Rate D-Interruptible Service. In total,  
3 following the merger of the Midwest and Peoples Division rate schedules, the  
4 combined Rate D-Interruptible Service will have seven customers.

5  
6 Rate E-Transportation Service is a transportation service available to any  
7 customer with average annual gas requirements of 100 dekatherms per day  
8 or more. The current Midwest Rate E-Transportation Service has six  
9 customers. There are no Peoples Division Rate TS-4 Transportation Service  
10 customers. In total, following the merger of the Midwest and Peoples Division  
11 rate schedules, the combined Rate E-Transportation Service will have six  
12 customers.

13  
14 **14. Have you proposed a School Transportation Service pursuant to state**  
15 **statute?**

16 A. Yes. Petitioner is proposing a new Rate STS-School Transportation Service.  
17 Because this will be a new, optional rate schedule, it is not possible to estimate  
18 the number, usage or peak day demands of potential customers that will be  
19 interested in taking this service. Therefore, Petitioner proposes to base the  
20 new, school transportation rates and charges on the margin (non-gas)  
21 component of the schools' present sales rate schedules. Schools having  
22 meters less than or equal to 415 cfh are currently served under Rate A-General  
23 Service. Schools having meters greater than 415 cfh are currently served under  
24 Rate B-Commercial Service. Therefore, the Petitioner proposes to base the

1 new, pooled school transportation rates and charges on the margin (non-gas)  
2 component of the Rate A and Rate B base rates, respectively. Because of this  
3 margin-neutral ratemaking treatment, it will have no effect on the cost of service  
4 study and rate design  
5

### 6 **III. COST OF SERVICE STUDY**

7 **15. Please provide an overview of your testimony as it relates to your cost of**  
8 **service study?**

9 A. The purpose of my testimony is to sponsor a fully allocated cost of service study  
10 based on Petitioner's embedded cost of providing gas service for the twelve  
11 months ended August 31, 2006. Working with Petitioner's management and  
12 with their consultant, Mr. Duane Mercer with the London Witte Group, LLC, I  
13 prepared an embedded cost of service study based on Petitioner's accounting  
14 costs per books, adjusted for fixed, known and measurable changes to test year  
15 operating results, for the twelve months ended August 31, 2006. The cost of  
16 service study corresponds to the proforma financial exhibits included in the  
17 exhibits of Mr. Mercer. My objective in performing the cost of service study was  
18 to determine the rate of return on rate base that Petitioner is earning from each  
19 customer class, which provides an indication as to whether its rates reflect the  
20 cost of providing service to each customer class.

21 **16. Explain the composition of the cost of service study.**

22 A. The study consists of two parts. First, the investment required to serve each  
23 rate schedule was determined. This was done by allocating total original cost



1 utility rate base at August 31, 2006, as adjusted, among the customer rate  
2 classes based on various assignment and allocation methods. Second, the  
3 operating expenses incurred in providing service to each customer rate class  
4 were determined. This was done by allocating the proforma costs of providing  
5 gas service, as determined on a going level basis at present and proposed  
6 rates, among the customer rate classes based on various assignment and  
7 allocation methods.

8 **17. Where did you obtain the data used to perform the cost of service study?**

9 A. Investment cost data was taken from detailed accounting information which  
10 formed the basis of the utility rate base shown in Exhibit D sponsored by  
11 Petitioner's witness Duane Mercer. The cost of service data was obtained from  
12 accounting information which formed the basis of the Proforma Statements of  
13 Operating Income shown in Exhibit C sponsored by Petitioner's witness Duane  
14 Mercer. Data used to derive allocation factors in the allocation of rate base and  
15 cost of service came from various sources, including special studies,  
16 Petitioner's books and records, and from previously allocated items.

17 **18. Please describe in general the assignment and allocation processes used in**  
18 **the cost of service study.**

19 A. The various costs or investments were assigned directly to the customer rate  
20 classes in those instances where direct assignment was possible. Direct  
21 assignments were based on specific details as recorded in Petitioner's books  
22 and records or were based on special studies performed by me. Where direct  
23 assignment was not possible, the investment or cost was allocated to the  
24 customer rate classes using the most appropriate method considering the type

1 of investment or cost involved. For example, investment and cost items were  
2 identified as being commodity, demand, or customer related. Commodity costs  
3 are those that vary with the volume of gas delivered to customers and are  
4 allocated based on annual volumes. Demand costs are those incurred to  
5 deliver gas to customers at certain levels and are, therefore, dependent on  
6 customer demands. These costs are allocated based on peak day demands.  
7 Customer costs are those that vary with the number of customers served and  
8 are allocated based on number of customers. Other costs are directly related to  
9 specific plant investments, and these costs were allocated in the same manner  
10 as the plant to which they relate.

11 **19. Please describe Petitioner's Exhibit KAH-3.**

12 A. Petitioner's Exhibit KAH-3, Schedules 1 through 7, present the cost of service  
13 study I prepared in this proceeding. Schedule 1 presents a table of the rate  
14 schedule allocation factors used in the cost allocation process. These cost  
15 allocation factors are cross-referenced in the cost allocation schedules that will  
16 be subsequently discussed in this section. Schedule 2 presents the results of  
17 the allocation of Petitioner's original cost rate base among its various customer  
18 rate classes. Schedule 3 presents the results of the allocation of depreciation  
19 and amortization expenses among the various customer rate classes. Schedule  
20 4 presents the results of the allocation of operation and maintenance expenses  
21 ("O&M") among the various customer rate classes at proforma A and Proforma  
22 B revenue levels, respectively. The designation "Proforma A" represents results  
23 at present revenue levels. The designation "Proforma B" represents results at  
24 proposed revenue levels. Schedule 5 presents the results of the allocation of

1 miscellaneous revenues among the various customer rate classes. Schedule 6  
2 reflects the class-by-class calculation of federal and state income and gross  
3 receipts taxes. Schedule 7 reflects the summarized results of the preceding  
4 cost of service allocations.

5  
6 **IV. PROPOSED REVENUE ALLOCATION AMONG RATE CLASSES**

7 **20. Have you used the results of the cost of service study in developing your**  
8 **proposed revenue allocations by rate schedule?**

9 A. Yes. My cost of service study served as the foundation for determining the  
10 revenue allocations I am proposing. My cost of service study was structured to  
11 provide revenue and operating income amounts and associated taxes to  
12 compute the rate of return on rate base for each rate schedule at both present  
13 and proposed rates.

14 **21. Please identify the rates of return by rate base under Petitioner's present**  
15 **rates.**

16 A. Petitioner's Exhibit KAH-4, Schedule 1, contains the Statement of Operating  
17 Income at present rates by rate schedule. Line 12 of that schedule reflects the  
18 current rate of return for each rate schedule. Line 13 reflects the Earnings  
19 Indices comparing the current class rates of return to the current overall  
20 Company rate of return. The Earnings Indices demonstrate that the Rate A-  
21 General Service and Rate B-Commercial Service rate classes are being  
22 provided subsidies by the remaining rate classes.

1 **22. Please identify the total operating revenues by rate schedule that would result**  
2 **from equal rates of return at the present revenue level.**

3 A. Petitioner's Exhibit KAH-4, Schedule 2, contains the Statement of Operating  
4 Income at equal rates of return at the present revenue levels.

5 **23. Please identify the total operating revenues by rate schedule that would result**  
6 **from equal rates of return at the proposed revenue requirement.**

7 A. Petitioner's Exhibit KAH-4, Schedule 3, contains the Statement of Operating  
8 Income at equal rates of return at the proposed revenue requirement.

9 **24. Please identify the rates of return by rate schedule under Petitioner's**  
10 **proposed rates.**

11 A. Petitioner's Exhibit KAH-4, Schedule 4, contains the Statement of Operating  
12 Income at proposed rates by rate schedule.

13 **25. Please identify the subsidy level for each rate schedule at present and**  
14 **proposed rates and the change in each subsidy level reflected in the proposed**  
15 **revenue allocations.**

16 A. Petitioner's Exhibit KAH-5 reflects the current and proposed customer class  
17 subsidy levels for each rate schedule at present and proposed rates. This  
18 exhibit reflects Petitioner's proposal to reduce subsidies.

19 **26. Please describe the basis for your proposed subsidy reduction levels.**

20 A. Consistent with long-established Commission policy, Petitioner's objective in its  
21 revenue allocation process is to reduce interclass subsidies to the extent  
22 practical while mitigating rate shock. Our approach was to propose rates that  
23 moved toward equal rates of return and thereby reduce subsidies while

1 producing reasonable percentage increases to each rate schedule. In this case

2 Petitioner concluded that a 100% reduction in subsidies was appropriate.

3 **27. What effect will the proposed revenue distribution and subsidy reduction**  
4 **levels have on the annual revenues from gas sales to be collected from each**  
5 **rate schedule?**

6 A. Petitioner's Exhibit KAH-6 contains a summary of present and proposed  
7 margins and revenues from gas sales by rate schedule.

8  
9 **V. PROPOSED RATES AND CHARGES**

10 **28. Have you developed rates that produce the results described in the preceding**  
11 **section?**

12 A. Yes. These proposed rates and charges are contained in the Tariff for Gas  
13 Service in Petitioner's Exhibit KAH-7.

14 **29. Please explain how you developed Midwest's proposed rates for this**  
15 **proceeding.**

16 A. Based upon the desired revenue distribution to each rate class as previously described  
17 in my testimony, the primary objective was to design rates that recover the appropriate  
18 amount of revenue from each rate class. However, additional considerations also  
19 guided my rate design. Midwest's current Service Charges are significantly below the  
20 indicated fixed costs of providing service. Midwest's fixed costs should be recovered  
21 through the fixed monthly Service Charges. Similarly, variable costs should be  
22 recovered through volumetric charges. To the extent that fixed costs are allowed to be  
23 recovered in the rate design as though they were commodity costs, the rate design will  
24 result in: (1) a misalignment in the pricing results with the costs incurred to serve

1 customers, and (2) earnings erosion for Midwest due to declining average usage per  
2 customer. In the instant case, I concluded that a reasonable rate design would provide  
3 for Midwest to structure its rates to recover a greater portion of its costs through the  
4 monthly Service Charge, and I have applied this reasoning in developing the proposed  
5 rates.

6 **30. Following the determination of the proposed Service Charge for each rate**  
7 **class, please describe the next step in the rate design process.**

8 A. The next step is to distribute the revenues between the rate blocks (where  
9 applicable). We were guided by our objective to (1) have a reasonable  
10 relationship between rate blocks in the subject rate schedule, (2) mitigate rate  
11 shock within the customer class, and (3) have a reasonable relationship  
12 between rate blocks in adjacent rate schedules.

13 **31. Have you developed rates and charges that produce the results described in**  
14 **the preceding section?**

15 A. Yes. Petitioner's Exhibit KAH-9 contains a revenue proof comparing proposed  
16 revenues by rate class to the allocated costs. This schedule demonstrates that  
17 the proposed rates generate the appropriate level of revenues. Column 3  
18 highlights Petitioner's proposed rates and charges, and Column 4 shows the  
19 Revenues from Gas Sales at Proposed Rates. This exhibit shows the  
20 comparison of calculated revenues (Column 6) to allocated costs (Column 7) for  
21 each rate schedule based on the proposed rates and charges. Only slight  
22 differences appear as reflected in Columns 8 and 9, and they are attributable to  
23 rounding differences. Each rate schedule will be discussed in the following  
24 paragraphs.

1 **Rate A-General Service**

2 **32. Please describe the proposed revisions to Rate A-General Service.**

3 A. The former Commodity Charge for Rate A-General Service has been split into  
4 two charges – the Distribution Charge and the Gas Cost Charge. The  
5 Distribution Charge recovers the non-gas portion of Midwest's costs allocated to  
6 this sales service. The Gas Cost Charge recovers the gas cost portion.

7  
8 The Gas Cost Charge in the rate schedule references the Gas Cost Adjustment  
9 in Tariff Sheet No. 51, which will recover all of the gas costs. This is proposed  
10 in order to simplify the GCA process by removing the many references in  
11 Midwest's GCA Schedules to "incremental" gas costs. It also will make  
12 communicating with customers about gas costs in current bills much easier, by  
13 allowing Midwest personnel to refer solely to the current GCA, rather than to the  
14 sum of the GCA and the Base Cost of Gas, as is currently required.

15  
16 The Service Charge for Rate A-General Service has been raised to \$11.00 from  
17 \$8.00. This increase is necessary to increase the proportion of allocated fixed  
18 (i.e. non-gas) costs recovered by the Service Charge. The allocated fixed costs  
19 per bill for Rate A is \$29.16. The proposed Service Charge level represents  
20 38% of the allocated fixed costs.

21 **33. Please describe the impact of Petitioner's proposed revenue allocations and**  
22 **rates and charges upon Rate A General Service customers.**

23 A. Petitioner's Exhibit KAH-8, Schedule 1 contains a table of monthly bill amounts  
24 calculated at various levels of usage for both present and proposed rates for the

1 Midwest Rate A-General Service customers. Schedule 2 presents the impacts  
2 for a typical Midwest Rate A residential customer. The dollar and percentage  
3 increase in monthly bill amounts is identified for each usage level.

4  
5 Petitioner's Exhibit KAH-8, Schedules 3 and 4, contain tables showing monthly  
6 bill amounts calculated at various levels of usage for both present and proposed  
7 rates for the Peoples Division customers. Schedule 5 presents the impacts for  
8 a typical residential customer in the Peoples Division.

9 **Rate B-Commercial Service**

10 **34. What revisions are proposed for Rate B-Commercial Service?**

11 A. The former Commodity Charge for Rate B-Commercial Service has been split  
12 into two charges – the Distribution Charge and the Gas Cost Charge. The  
13 Distribution Charge recovers the non-gas portion of Midwest's costs allocated to  
14 this sales service. The Gas Cost Charge recovers the gas cost portion.

15  
16 The Service Charge for Rate B-Commercial Service has been raised to \$22.00  
17 from \$16.00. This increase is necessary to increase the proportion of allocated  
18 fixed costs recovered by the Service Charge. The allocated fixed cost per bill  
19 for Rate B is \$180.35. The proposed Service Charge level represents 12% of  
20 the allocated fixed costs.

21 **35. What impact will Petitioner's proposed revenue allocation and rates and**  
22 **charges have on Rate B-Commercial Service customers?**



1 A. Petitioner's Exhibit KAH-8, Schedule 6, contains a table showing monthly bill  
2 amounts calculated at various usage levels for both present and proposed rates  
3 for Midwest's Rate B customers. Schedule 7 contains a table showing monthly  
4 bill amounts calculated at various usage levels for both present and proposed  
5 rates for Peoples' Rate CS-2 customers.

6 **Rate C-Industrial Service**

7 **36. What revisions are proposed for Rate C-Industrial Service?**

8 A. The former Commodity Charge for Rate C-Industrial Service has been split into  
9 two charges – the Distribution Charge and the Gas Cost Charge. The  
10 Distribution Charge recovers the non-gas portion of Midwest's costs allocated to  
11 this sales service. The Gas Cost Charge recovers the gas cost portion.

12  
13 The Service Charge for Rate C-Industrial Service has been raised to \$130.00  
14 from \$115.00. This increase is necessary to increase the proportion of  
15 allocated fixed costs recovered by the Service Charge. The allocated fixed cost  
16 per bill for Rate B is \$1150. The proposed Service Charge level represents  
17 11% of the allocated fixed costs.

18 **37. What impact will Petitioner's proposed revenue allocation and rates and**  
19 **charges have on the Industrial Service customers?**

20 A. Petitioner's Exhibit KAH-8, Schedule 8, contains a table showing monthly bill  
21 amounts calculated at various usage levels for both present and proposed rates  
22 for the Rate C-Industrial Service.

1 **Rate D-Interruptible Service**

2 **38. What changes are proposed for Rate D-Interruptible Service?**

3 A. The former Commodity Charge for Rate D-Interruptible Service has been split  
4 into two charges – the Distribution Charge and the Gas Cost Charge. The  
5 Distribution Charge recovers the non-gas portion of Midwest's costs allocated to  
6 this sales service. The Gas Cost Charge recovers the gas cost portion.

7  
8 The Service Charge for Rate D has been raised to \$350.00 from \$325.00. This  
9 increase is necessary to increase the proportion of allocated fixed costs  
10 recovered by the Service Charge. The allocated fixed cost per bill for Rate D is  
11 \$1157. The proposed level represents 30% of the allocated fixed costs.

12 **39. What impact will Petitioner's proposed revenue allocation and rates and**  
13 **charges have on the Rate D customers?**

14 A. Petitioner's Exhibit KAH-8, Schedule 9, contains a table showing monthly bill  
15 amounts calculated at various usage levels for both present and proposed rates  
16 for Midwest's Rate D-Interruptible Service customers. Schedule 10 contains a  
17 table showing monthly bill amounts calculated at various usage levels for both  
18 present and proposed rates for Peoples' Rate IS-3 Interruptible Service  
19 customers.

20 **Rate E-Transportation Service**

21 **40. What revisions are proposed for Rate E-Transportation Service?**

22 A. A Service Charge for Rate E-Transportation Service has been added in the  
23 monthly amount of \$350.00. Rate E customers presently pay Service Charges

1 based on the sales rate schedules from which they migrated. This will be  
2 replaced by the proposed Rate E Service Charge. The allocated fixed cost per  
3 bill for Rate E is \$9499. The proposed level represents only 4% of the allocated  
4 fixed costs.

5  
6 The single-block Distribution Charge has been converted to a two-block  
7 Distribution Charge with the block break set at 200,000 therms. Rate E has  
8 diverse usage, with monthly volumes ranging from 12,000 therms to in excess  
9 of 500,000 therms. At the upper end of the usage range, the unit revenues  
10 exceed the unit costs. To provide a better matching of costs to revenues within  
11 the Rate E class, it is desirable to add a second block at a lower unit rate.

12 **41. What impact will Petitioner's proposed revenue allocation and rates and**  
13 **charges have on the Rate E-Transportation Service customers?**

14 A. Petitioner's Exhibit KAH-8, Schedule 11, contains a table showing monthly bill  
15 amounts calculated at various usage levels for both present and proposed rates  
16 for the Rate E-Transportation Service.

17 **42. Have you proposed any other changes to the Rate E tariff?**

18 A. Yes, I proposed two changes. First, I have proposed a clarifying change to the  
19 eligibility requirements for Rate E. The current Midwest tariff provides that Rate  
20 E is available "to customers served with Gas Requirements of 100 DTH per day  
21 or more at a single location." I have added language to clarify that Rate E is  
22 available "to customers served with average annual Gas Requirements of 100  
23 DTH per day or more at a single location." This change is consistent with

1 Petitioner's current application of Rate E. It is proposed solely for the purpose  
2 of clarifying the current application and to avoid possible future  
3 misinterpretation.

4 Second, Petitioner is proposing to require the Rate E transportation customer to  
5 deliver additional gas volumes of 0.53% into Petitioner's system as  
6 compensation for unaccounted for gas. The 0.53% retention percentage is  
7 identical to that used for calculating the unaccounted for gas amount that is  
8 applicable to sales customers.

9  
10 **VI. PROPOSED CHANGES TO GENERAL TERMS AND CONDITIONS**

11 **43. Please describe the rationale behind the proposed change to the Reconnect**  
12 **Charge in Rule 9 of the General Terms and Conditions.**

13 A. Petitioner proposes to require a customer to pay the sum of the cost of  
14 performing the reconnect plus the sum of the monthly Service Charges avoided  
15 by customer while service was disconnected. The proposed change should  
16 provide a disincentive to those customers who voluntarily request disconnection  
17 for the sole purpose of avoiding Service Charges, while recovering the  
18 incremental costs associated with the reconnected service. This charge would  
19 replace the flat charge that currently applies in such situations.

20  
21 **44. Does this conclude your prepared direct testimony?**

22 A. Yes, at the present time.

INDIANA UTILITY REGULATORY COMMISSION

CAUSE NO. 43229

EXHIBITS OF

KERRY A. HEID

**KERRY A. HEID, P.E.**

***Heid Rate and Regulatory Services***

***President***

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Mr. Heid is an independent rate consultant with 26 years of gas, electric, water and wastewater utility experience in the rate and regulatory areas. Mr. Heid was previously Director of Rates for Vectren Corporation where he directed the rate activities for the Vectren utilities of Indiana Gas Company, Southern Indiana Gas and Electric Company and Vectren Energy Delivery of Ohio. While at Vectren Mr. Heid was responsible for preparation of cost of service studies, development of rate schedules and preparation of Purchased Gas Adjustment ("PGA") filings. Mr. Heid has testified on numerous occasions regarding cost of service studies and rate design.

Prior to his employment with Vectren, Mr. Heid was a senior member of the Indiana Utility Regulatory Commission technical staff, where he was Principal Water and Sewer Engineer. Mr. Heid was also previously employed in the Management Services Division of Black & Veatch Consulting Engineers, where he prepared water and wastewater cost of service studies for utilities throughout the United States.

Since leaving Vectren Mr. Heid has continued on retainer with Vectren, consulting on gas and electric cost of service and rate design matters. Mr. Heid has also assisted other gas, electric, water and wastewater utility clients in preparing cost of service studies and developing new rate schedules. Mr. Heid has also provided cost of service and rate design assistance to large customers in various regulatory and court proceedings.

Mr. Heid has been actively involved as a member of the following professional industry associations: (i) *American Gas Association ("AGA") Rate and Strategic Planning Committee*, including former Chair of its Revenue Requirements Subcommittee; (ii) *Indiana Gas Association Rate Committee*, Former Chair; (iii) *Edison Electric Institute Economic Regulation and Competition Committee*; (iv) *Indiana Electric Association Rates and Tariffs Committee*; (v) *American Water Works Association Rates and Charges Committee*. Appointed to Subcommittee revising Manual M1, "Principles of Water Rates, Fees, and Charges;" (vi) *Water Subcommittee of the National Association of Regulatory Utility Commissioners ("NARUC")*; and (vii) *Water Environment Federation*.

Mr. Heid has been an instructor at the AGA Gas Rates School, has given presentations to the American Gas Association Rate and Strategic Planning Committee on various topics including PGA mechanisms, and has been invited by the Indiana Utility Regulatory Commission to conduct training for its staff on PGA mechanisms. Mr. Heid has served on the faculty at the NARUC Annual Eastern Utility Water Rate Seminar, and has given presentations to the Annual Meeting of the Indiana Chapter of the American Water Works Association, the Indiana Chapter of the American Society of Civil Engineers, the Indiana Water Association, the Indiana Rural Water Association, the Indiana Association of Conservancy Districts, and the Governor's Drought Advisory Committee.

Mr. Heid has a B.S. degree in Civil Engineering from Purdue University and an MBA degree with a concentration in finance from Indiana University. Mr. Heid is a registered Professional Engineer in the State of Indiana.

<b>Client</b>	<b>Year</b>	<b>Project Emphasis</b>
Vectren North (Indiana Gas Co.)	1990	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment
Vectren North (Indiana Gas Co.)	1992-1995	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment Environmental Cost Recovery Tracker
Vectren North (Indiana Gas Co.)	1989-2002	Quarterly Gas Cost Adjustments
Vectren South (SIGECO)-Gas	2000-2002	Quarterly Gas Cost Adjustments
Vectren South (SIGECO)-Electric	2000-2002	Quarterly Electric Fuel Cost Adjustments Demand Side Management Cost Riders
Vectren Energy Delivery of Ohio	2000-2002	Quarterly Gas Cost Adjustments
Vectren Energy Delivery of Ohio	2001	Gas Cost Recovery Audit
Vectren Energy Delivery of Ohio	2001	Senate Bill 287 Implementation Gross Receipts Tax Rider
Vectren South (SIGECO)-Electric	2001	NOx Environmental Cost Recovery Mechanism
Vectren South (SIGECO)-Electric	2002	NOx Environmental Cost Recovery Mechanism
Vectren South (SIGECO)-Electric	2002	Review of Electric Cost of Service Study
Evansville Business Alliance	2002	Wastewater Cost of Service Study and Rate Design
Evansville Business Alliance	2002	Water Cost of Service Study and Rate Design
Mead Johnson (Bristol Myers)	2003	Wastewater Rate Projections
Vectren South (SIGECO)-Electric	2003	NOx Environmental Cost Recovery Mechanism
South Bend Industrial Intervenors	2003	Wastewater Cost of Service and Rate Design
Indiana Utilities Corporation	2003	Gas Cost of Service and Rate Design
Community Natural Gas Co.	2003	Gas Cost of Service Study and Rate Design
Indiana Natural Gas Corp.	2003	Gas Cost of Service Study and Rate Design
Indiana-American Water Company	2003	Water Cost of Service Study and Rate Design Single Tariff Pricing
GPI at Danville Crossing	2003-2005	Wastewater Rate Design

<b><i>Client</i></b>	<b><i>Year</i></b>	<b><i>Project Emphasis</i></b>
Vectren South (SIGECO)-Gas	2003	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment
Purdue University	2004	Wastewater Cost of Service Study and Rate Design
City of Frankfort , IN	2004	Water Cost of Service Study and Rate Design Large Customer Bypass Negotiations
Evansville Business Alliance	2004	Wastewater Cost of Service Study and Rate Design
Switzerland County Natural Gas	2004	Gas Cost of Service Study and Rate Design
Vectren Energy Delivery of Ohio	2004	Gas Cost of Service Study and Rate Design
Vectren North (Indiana Gas Co.)	2004	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment
Clay Utilities Customers	2005-2007	Outside City Surcharge
City of East Chicago, IN	2005	Water Cost of Service Study and Rate Design
Indianapolis (Veolia) Water Company	2006	Water Cost of Service Study and Rate Design
Culver Academies	2005	Wastewater Cost of Service Study and Rate Design
City of Anderson, IN	2005-2006	Water Cost of Service Study and Rate Design
Vectren South (SIGECO)-Electric	2006-2007	Electric Cost of Service Study
Vectren South (SIGECO)-Gas	2006-2007	Gas Cost of Service Study and Rate Design
MasterGuard Corporation	2006	Electric Rate Billing Dispute Litigation
City of Anderson, IN	2006	Wastewater Cost of Service Study and Rate Design
Lawrenceburg Gas Corp.	2006-2007	Gas Cost of Service Study and Rate Design Rate Consolidation School Transportation Tariff
Fountaintown Gas Company	2006	Transportation Balancing Provisions
Lawrenceburg Gas Company Midwest Natural Gas Corporation Indiana Utilities Corporation South Eastern Indiana Natural Gas Co. Fountaintown Gas Company, Inc. Community Natural Gas Co. Boonville Natural Gas Corporation Chandler Natural Gas Corporation Indiana Natural Gas Corporation	2006	Normal Temperature Adjustment



<b><i>Client</i></b>	<b><i>Year</i></b>	<b><i>Project Emphasis</i></b>
Indiana-American Water Company	2006-2007	Purchased Power Tracker
Missouri-American Water Company	2006-2007	CWIP Surcharge
Grandview Municipal Waterworks	2007	Sale for Resale Rate Litigation
Citizens Gas & Coke Utility	2007	Normal Temperature Adjustment
Southeastern Indiana REMC	2007	Electric Cost of Service Study and Rate Design
Ohio Valley Gas Company	2007	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment Pipeline Safety Integrity Rider
Midwest Gas Corporation	2007	Gas Cost of Service Study and Rate Design School Transportation Tariff
Citizens Thermal Energy	2007	Steam Cost of Service Study and Rate Design
Rensselaer Municipal Electric Utility	2007	Rensselaer Municipal Electric Contract with IMPA
Vectren North (Indiana Gas Company)	2007	Gas Cost of Service Study and Rate Design

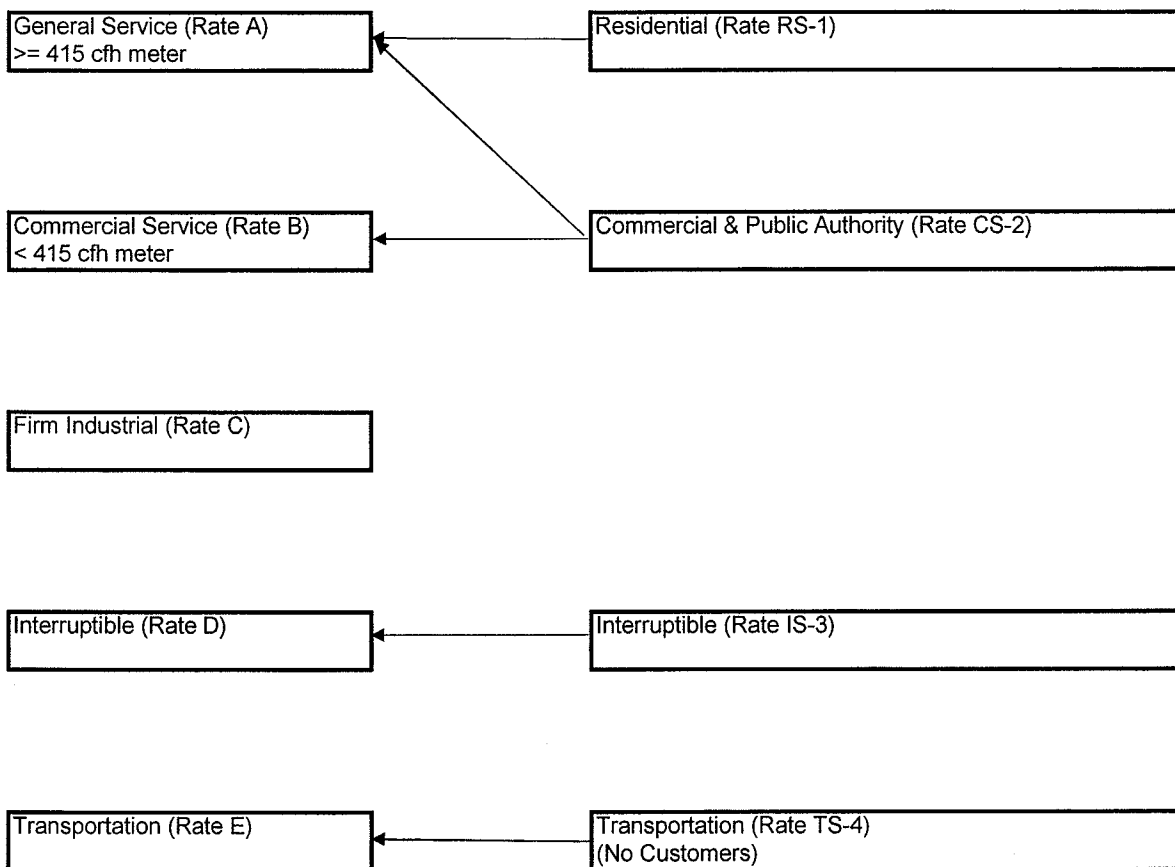
MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
RATE MERGER GRAPHIC

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2

Midwest Gas

Peoples Gas



**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
SCHEDULE OF ALLOCATION FACTORS**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 1  
PAGE 1 OF 4

<u>NO.</u>	<u>ALLOCATORS</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>	<u>TOTAL</u>
<b><u>Input Allocators</u></b>							
0	Not Applicable	0 0.0000%	0 0.0000%	0 0.0000%	0 0.0000%	0 0.0000%	0 0.0000%
1	Annual Throughput	9,786,674 34.9488%	4,459,697 15.9258%	1,499,918 5.3563%	1,075,336 3.8401%	11,181,303 39.9290%	28,002,928 100.0000%
2	Annual Sales	9,786,674 58.1791%	4,459,697 26.5117%	1,499,918 8.9166%	1,075,336 6.3926%	0 0.0000%	16,821,625 100.0000%
3	Number of Bills	170,604 96.7521%	5,388 3.0556%	174 0.0987%	83 0.0471%	82 0.0465%	176,331 100.0000%
4	Design Day Throughput	135,822 52.3547%	50,375 19.4180%	15,404 5.9379%	2,946 1.1356%	54,879 21.1538%	259,427 100.0000%
5	Design Day Sales	135,822 66.4011%	50,375 24.6277%	15,404 7.5309%	2,946 1.4403%	0 0.0000%	204,548 100.0000%
7	Meters Study	\$959,563 64.4046%	\$443,559 29.7711%	\$44,971 3.0184%	\$22,132 1.4855%	\$19,673 1.3204%	1,489,898 100.0000%
8	Services Study	\$3,667,828 94.1161%	\$207,855 5.3335%	\$11,202 0.2875%	\$5,410 0.1388%	\$4,838 0.1241%	3,897,134 100.0000%

**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
SCHEDULE OF ALLOCATION FACTORS**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 1  
PAGE 2 OF 4

<u>NO.</u>	<u>ALLOCATORS</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>	<u>TOTAL</u>
<b><u>Input Allocators (cont.)</u></b>							
11	Forfeited Discounts Study	87.6632%	11.3368%	1.0000%	0.0000%	0.0000%	100.0000%
		87.6632%	11.3368%	1.0000%	0.0000%	0.0000%	100.0000%
14	95% Rate A / 5% Rate B	95%	5.0000%	0.0000%	0.0000%	0.0000%	100.0000%
		95.0000%	5.0000%	0.0000%	0.0000%	0.0000%	100.0000%
<b><u>Internally-Generated Allocators</u></b>							
100	Gross Plant	\$17,362,710	\$3,730,483	\$893,452	\$413,766	\$4,015,350	\$26,415,761
		65.7286%	14.1222%	3.3823%	1.5664%	15.2006%	100.0000%
102	Original Cost Rate Base	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709	\$11,862,124
		65.9020%	14.1382%	3.3813%	1.5752%	15.0033%	100.0000%
103	Distribution Mains Plant	\$3,990,909	\$984,404	\$299,224	\$131,888	\$1,609,794	\$7,016,219
		56.8812%	14.0304%	4.2647%	1.8798%	22.9439%	100.0000%
107	Mains and Services Plant	\$9,570,634	\$1,426,669	\$363,987	\$161,067	\$1,883,919	\$13,406,276
		71.3892%	10.6418%	2.7151%	1.2014%	14.0525%	100.0000%
104	Transmission O&M (P/F B)	\$27,575	\$6,802	\$2,067	\$911	\$11,123	\$48,478
		56.8812%	14.0304%	4.2647%	1.8798%	22.9439%	100.0000%
108	Meters, Meter Installations and House Regulators	\$1,665,935	\$770,081	\$78,076	\$38,425	\$34,155	\$2,586,671
		64.4046%	29.7711%	3.0184%	1.4855%	1.3204%	100.0000%

**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
SCHEDULE OF ALLOCATION FACTORS**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 1  
PAGE 3 OF 4**

<u>NO.</u>	<u>ALLOCATORS</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>	<u>TOTAL</u>
<b><u>Internally-Generated Allocators (cont.)</u></b>							
109	Subtotal Distribution Plant	\$4,654,427 56.8812%	\$1,148,069 14.0304%	\$348,972 4.2647%	\$153,815 1.8798%	\$1,877,435 22.9439%	\$8,182,718 100.0000%
110	Subtotal Gross Plant	\$15,948,908 65.7286%	\$3,426,719 14.1222%	\$820,700 3.3823%	\$380,074 1.5664%	\$3,688,390 15.2006%	\$24,264,791 100.0000%
115	O&M Without Gas Costs (P/F A)	\$1,536,552 76.2026%	\$263,576 13.0716%	\$43,537 2.1591%	\$20,411 1.0122%	\$152,327 7.5544%	\$2,016,403 100.0000%
117	O&M Without Gas Costs (P/F B)	\$1,608,921 75.8189%	\$277,586 13.0810%	\$46,772 2.2041%	\$21,909 1.0325%	\$166,869 7.8635%	\$2,122,057 100.0000%
119	Distribution O&M (P/F B)	\$782,114 68.1565%	\$202,006 17.6036%	\$33,318 2.9035%	\$15,349 1.3376%	\$114,739 9.9988%	\$1,147,526 0.0000%
120	Total Depreciation Expenses	\$739,534 65.8287%	\$158,663 14.1232%	\$37,885 3.3723%	\$17,557 1.5628%	\$169,782 15.1130%	\$1,123,421 100.0000%
124	P/F B Normal Rev. w/ Misc. Rev.	5,142,481 71.3582%	987,923 13.7086%	201,214 2.7921%	96,016 1.3323%	778,943 10.8088%	7,206,577 100.0000%
125	Labor Allocator	\$902,098 77.4325%	\$149,513 12.8337%	\$23,292 1.9993%	\$10,753 0.9230%	\$79,356 6.8116%	\$1,165,011 100.0000%
131	Transmission Mains Plant	\$3,982,988 56.8812%	\$982,450 14.0304%	\$298,630 4.2647%	\$131,626 1.8798%	\$1,606,599 22.9439%	\$7,002,294 100.0000%

MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
SCHEDULE OF ALLOCATION FACTORS

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 1  
PAGE 4 OF 4

<u>NO.</u>	<u>ALLOCATORS</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>	<u>TOTAL</u>
<b><u>Internally-Generated Allocators (cont.)</u></b>							
132	Subtotal Transmission Plant	\$4,332,730 56.8812%	\$1,068,718 14.0304%	\$324,852 4.2647%	\$143,184 1.8798%	\$1,747,673 22.9439%	\$7,617,158 100.0000%
133	P/F A Normal Rev. w/ Misc. Rev. Excluding WS	3,582,864 71.2032%	630,589 12.5319%	179,116 3.5596%	0 0.0000%	639,317 12.7053%	5,031,886 100.0000%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**ALLOCATION OF RATE BASE**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 2**  
**PAGE 1 OF 3**

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b>GROSS PLANT</b>								
(1) Total Manufactured Gas Production	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(2) Total Natural Gas Production Plant	2	Annual Sales	\$77,885	\$45,313	\$20,649	\$6,945	\$4,979	\$0
(3) Total Underground Storage Plant								
(4) Commodity	2	Annual Sales	\$95,623	\$55,633	\$25,351	\$8,526	\$6,113	\$0
(5) Demand	2	Annual Sales	\$191,246	\$111,265	\$50,703	\$17,053	\$12,226	\$0
(6) Winter	2	Annual Sales	\$191,246	\$111,265	\$50,703	\$17,053	\$12,226	\$0
(7) Total Transmission Plant								
(8) Mains								
(9) Customer	3	Number of Bills	\$1,744,553	\$1,687,892	\$53,307	\$1,721	\$821	\$811
(10) Commodity	1	Annual Throughput	\$2,628,870	\$918,757	\$418,669	\$140,810	\$100,951	\$1,049,683
(11) Demand	4	Design Day Throughput	\$2,628,870	\$1,376,338	\$510,474	\$156,098	\$29,854	\$556,105
(12) Land and Land Rights	131	Transmission Mains Plant	\$328,570	\$186,894	\$46,100	\$14,013	\$6,176	\$75,387
(13) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	131	Transmission Mains Plant	\$3,997	\$2,274	\$561	\$170	\$75	\$917
(15) Measuring and Regulating Equipment	131	Transmission Mains Plant	\$282,297	\$160,574	\$39,607	\$12,039	\$5,307	\$64,770
(16) Other Transmission Equipment	132	Subtotal Transmission Plant	\$65,193	\$37,083	\$9,147	\$2,780	\$1,225	\$14,958
(17) Total Distribution Plant								
(18) Mains								
(19) Customer	3	Number of Bills	\$1,748,022	\$1,691,249	\$53,413	\$1,725	\$823	\$813
(20) Commodity	1	Annual Throughput	\$2,634,098	\$920,585	\$419,502	\$141,090	\$101,152	\$1,051,770
(21) Demand	4	Design Day Throughput	\$2,634,098	\$1,379,076	\$511,489	\$156,409	\$29,914	\$557,211
(22) Land and Land Rights	103	Distribution Mains Plant	\$119,053	\$67,719	\$16,704	\$5,077	\$2,238	\$27,315
(23) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(24) Structures and Improvements	103	Distribution Mains Plant	\$10,779	\$6,131	\$1,512	\$460	\$203	\$2,473
(25) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$1,036,667	\$589,669	\$145,449	\$44,211	\$19,487	\$237,852
(26) Services	8	Services Study	\$5,223,558	\$4,916,207	\$278,600	\$15,015	\$7,252	\$6,484
(27) Meters	7	Meters Study	\$1,569,053	\$1,010,542	\$467,124	\$47,360	\$23,308	\$20,718
(28) Meter Installations	7	Meters Study	\$172,939	\$111,381	\$51,486	\$5,220	\$2,569	\$2,284
(29) House Regulators	7	Meters Study	\$844,680	\$544,012	\$251,470	\$25,496	\$12,548	\$11,153
(30) Industrial Measuring and Regulating Equipment-In	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(31) Other Distribution Equipment	109	Subtotal Distribution Plant	\$33,491	\$19,050	\$4,699	\$1,428	\$630	\$7,684
(32) Total General and Intangible Plar	110	Subtotal Gross Plant	\$2,150,970	\$1,413,803	\$303,764	\$72,752	\$33,692	\$326,960
(33) Total Gross Plant			\$26,415,761	\$17,362,710	\$3,730,483	\$893,452	\$413,766	\$4,015,350

**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
ALLOCATION OF RATE BASE**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 2  
PAGE 2 OF 3

	No.	Allocation Method	Total	Rate A (Gen. Svc.)	Rate B (Comm.)	Rate C (Indus.)	Rate D (Interr.)	Rate E (Transp.)
<b>DEPRECIATION RESERVE</b>								
(1) Total Manufactured Gas Production Depr. Reserve	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(2) Total Natural Gas Production Plant Depr. Reserve	2	Annual Sales	\$46,563	\$27,090	\$12,345	\$4,152	\$2,977	\$0
(3) Total Underground Storage Plant Depr. Reserve	2	Annual Sales	\$285,835	\$166,296	\$75,780	\$25,487	\$18,272	\$0
(4) Total Other Storage Plant Deprec. Reserve	0	Not Applicable	\$0	\$0	\$0	\$0	\$0	\$0
(5) Total Transmission Plant Depreciation Reserve								
(6) Mains	131	Transmission Mains Plant	\$4,186,226	\$2,381,175	\$587,345	\$178,532	\$78,691	\$960,484
(7) Land and Land Rights	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(8) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(9) Structures and Improvements	131	Transmission Mains Plant	\$2,390	\$1,359	\$335	\$102	\$45	\$548
(10) Measuring and Regulating Equipment	131	Transmission Mains Plant	\$168,767	\$95,997	\$23,679	\$7,197	\$3,172	\$38,722
(11) Other Transmission Equipment	132	Subtotal Transmission Plant	\$38,975	\$22,169	\$5,468	\$1,662	\$733	\$8,942
(12) Total Distribution Plant Depreciation Reserve								
(13) Mains	103	Distribution Mains Plant	\$4,194,551	\$2,385,910	\$588,513	\$178,887	\$78,847	\$962,394
(14) Land and Land Rights	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(15) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(16) Structures and Improvements	103	Distribution Mains Plant	\$6,444	\$3,665	\$904	\$275	\$121	\$1,479
(17) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$619,758	\$352,526	\$86,955	\$26,431	\$11,650	\$142,197
(18) Services	8	Services Study	\$3,122,833	\$2,939,087	\$166,557	\$8,977	\$4,335	\$3,877
(19) Meters	7	Meters Study	\$938,037	\$604,139	\$279,264	\$28,314	\$13,934	\$12,386
(20) Meter Installations	7	Meters Study	\$103,389	\$66,587	\$30,780	\$3,121	\$1,536	\$1,365
(21) House Regulators	7	Meters Study	\$504,981	\$325,231	\$150,338	\$15,242	\$7,501	\$6,668
(22) Measuring and Regulating Equipment-Industrial	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(23) Other Distribution Equipment	109	Subtotal Distribution Plant	\$20,022	\$11,389	\$2,809	\$854	\$376	\$4,594
(24) General and Intangible Plant Depreciation Reserv	110	Subtotal Gross Plant	\$1,250,737	\$822,092	\$176,631	\$42,303	\$19,591	\$190,119
(25) Total Depreciation Reserv			\$15,489,508	\$10,204,713	\$2,187,703	\$521,535	\$241,783	\$2,333,774



**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
ALLOCATION OF RATE BASE**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 2  
PAGE 3 OF 3**

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b><u>OTHER RATE BASE COMPONENTS</u></b>								
(1) Materials and Supplies	100	Gross Plant	\$396,378	\$260,534	\$55,977	\$13,407	\$6,209	\$60,252
(2) Cash Working Capital	117	O&M Without Gas Costs (P/F B)	\$481,733	\$365,245	\$63,015	\$10,618	\$4,974	\$37,881
(3) LP (Propane) Gas	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(4) Gas Stored Underground/Current Recoverable	2	Annual Sales	\$57,760	\$33,604	\$15,313	\$5,150	\$3,692	\$0
(5) Gas Stored Underground/Non-Current Recoverable	111	Total Storage Plant	\$0	\$0	\$0	\$0	\$0	\$0
(6) Unamortized Acquisition Adjustment (Net of Accum. Dep)	100	Gross Plant	\$0	\$0	\$0	\$0	\$0	\$0
(7) Prepaid Gas Delivery								
(8) Demand	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(9) Winter	0	Not Applicable	\$0	\$0	\$0	\$0	\$0	\$0
(10) Total Other Rate Base Component:			<u>\$935,871</u>	<u>\$659,383</u>	<u>\$134,306</u>	<u>\$29,175</u>	<u>\$14,875</u>	<u>\$98,133</u>
(11) Total Rate Base			<u>\$11,862,124</u>	<u>\$7,817,380</u>	<u>\$1,677,086</u>	<u>\$401,091</u>	<u>\$186,858</u>	<u>\$1,779,709</u>

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**ALLOCATION OF DEPRECIATION AND AMORTIZATION EXPENSE**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 3**  
**PAGE 1 OF 1**

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b><u>DEPRECIATION AND AMORTIZATION EXPENSES</u></b>								
(1) Total Manufactured Gas Production	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(2) Total Natural Gas Production Plant	2	Annual Sales	\$2,921	\$1,699	\$774	\$260	\$187	\$0
(3) Total Underground Storage Plant	2	Annual Sales	\$17,929	\$10,431	\$4,753	\$1,599	\$1,146	\$0
(4) Total Local Storage	0	Not Applicable	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Transmission Plant</b>								
(5) Mains	131	Transmission Mains Plant	\$262,586	\$149,362	\$36,842	\$11,199	\$4,936	\$60,247
(6) Land and Land Rights	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(7) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(8) Structures and Improvements	131	Transmission Mains Plant	\$150	\$85	\$21	\$6	\$3	\$34
(9) Measuring and Regulating Equipment	131	Transmission Mains Plant	\$10,586	\$6,022	\$1,485	\$451	\$199	\$2,429
(10) Other Transmission Equipment	132	Subtotal Transmission Plant	\$6,519	\$3,708	\$915	\$278	\$123	\$1,496
<b>Total Distribution</b>								
(11) Mains	103	Distribution Mains Plant	\$263,108	\$149,659	\$36,915	\$11,221	\$4,946	\$60,367
(12) Land and Land Rights	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(13) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	103	Distribution Mains Plant	\$404	\$230	\$57	\$17	\$8	\$93
(15) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$20,242	\$11,514	\$2,840	\$863	\$380	\$4,644
(16) Services	8	Services Study	\$195,883	\$184,358	\$10,448	\$563	\$272	\$243
(17) Meters - Account 381 & 385	7	Meters Study	\$58,839	\$37,895	\$17,517	\$1,776	\$874	\$777
(18) Meter Installations - Account 381 & 385	7	Meters Study	\$6,485	\$4,177	\$1,931	\$196	\$96	\$86
(19) House Regulators - Account 381 & 385	7	Meters Study	\$31,675	\$20,400	\$9,430	\$956	\$471	\$418
(20) Measuring and Regulating Equipment - Industrial	103	Distribution Mains Plant	\$18,633	\$10,599	\$2,614	\$795	\$350	\$4,275
(21) Other Distribution Equipment	109	Subtotal Distribution Plant	\$1,256	\$714	\$176	\$54	\$24	\$288
(22) General and Intangible Plant	110	Subtotal Gross Plant	\$226,203	\$148,680	\$31,945	\$7,651	\$3,543	\$34,384
(23) Amortization of Leasehold Improvements	110	Subtotal Gross Plant	\$0	\$0	\$0	\$0	\$0	\$0
(24) Amortization of Acquisition Adjustment	100	Gross Plant	\$0	\$0	\$0	\$0	\$0	\$0
(25) Total Depreciation and Amortization Expense			<u>\$1,123,421</u>	<u>\$739,534</u>	<u>\$158,663</u>	<u>\$37,885</u>	<u>\$17,557</u>	<u>\$169,782</u>

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE**  
**PROFORMA A (PRESENT REVENUE LEVELS)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 4**  
**PAGE 1 OF 2**

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b>PROFORMA COST OF GAS</b>								
(1) Commodity Cost of Purchased Gas	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0
(2) Demand Cost of Purchased Gas	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(3) Leased Storage	9	Weighted Storage Allocator	\$0	\$0	\$0	\$0	\$0	\$0
(4) Unaccounted for Gas Costs (Sales Only)	2	Annual Sales	\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
(5) Total Proforma Cost of Gas			\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
<b>OPERATING EXPENSES</b>								
(6) Total Manufactured Gas Production Expenses	5	Design Day Sales	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$0
(7) Total Natural Gas Production Expenses	2	Annual Sales	\$18,439	\$10,728	\$4,888	\$1,644	\$1,179	\$0
(8) Total Underground Storage Expense	2	Annual Sales	\$1,152	\$670	\$305	\$103	\$74	\$0
<b>Total Transmission Expenses</b>								
(9) Mains	131	Transmission Mains Plant	\$25,739	\$14,640	\$3,611	\$1,098	\$484	\$5,905
(10) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(11) Structures and Improvements	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(12) Measuring and Regulating Equipment	131	Transmission Mains Plant	\$22,740	\$12,935	\$3,190	\$970	\$427	\$5,217
(13) Supervision and Engineering	104	Transmission O&M (P/F B)	\$6,078	\$3,457	\$853	\$259	\$114	\$1,394
(14) Other Transmission	104	Transmission O&M (P/F B)	\$64,657	\$36,778	\$9,072	\$2,757	\$1,215	\$14,835
<b>Total Distribution Expenses</b>								
(15) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$32,795	\$18,654	\$4,601	\$1,399	\$616	\$7,524
(16) Mains and Services	107	Mains and Services Plant	\$669,376	\$477,862	\$71,234	\$18,174	\$8,042	\$94,064
(17) Industrial Measuring and Regulating Equipment	103	Distribution Mains Plant	\$31,592	\$17,970	\$4,433	\$1,347	\$594	\$7,249
(18) Meter, Meter Installation and House Regulator	108	Meters, Meter Installations and Hou	\$407,431	\$262,404	\$121,297	\$12,298	\$6,052	\$5,380
(19) Customer Installation Expenses	3	Number of Bills	\$4,067	\$3,934	\$124	\$4	\$2	\$2
(20) Structures and Improvements Maintenance	103	Distribution Mains Plant	\$2,266	\$1,289	\$318	\$97	\$43	\$520
(21) Supervision and Engineering	119	Distribution O&M (P/F B)	\$38,720	\$26,390	\$6,816	\$1,124	\$518	\$3,871
(22) Other Distribution	119	Distribution O&M (P/F B)	\$61,388	\$41,840	\$10,807	\$1,782	\$821	\$6,138
(23) Total Customer Accounts Expense	3	Number of Bills	\$487,096	\$471,276	\$14,884	\$481	\$229	\$227
(24) Uncollectibles	14	95% Rate A / 5% Rate B	\$142,869	\$135,725	\$7,143	\$0	\$0	\$0
(24) Total Customer Service Expenses	3	Number of Bills	\$0	\$0	\$0	\$0	\$0	\$0
(25) Total Sales Expenses	115	O&M Without Gas Costs (P/F A)	\$3,566	\$2,717	\$466	\$77	\$36	\$269
<b>Administrative and General</b>								
(26) Plant-Related	100	Gross Plant	\$95,665	\$62,879	\$13,510	\$3,236	\$1,498	\$14,542
(27) Salaries-Related	125	Labor Allocator	\$1,008,333	\$780,778	\$129,406	\$20,159	\$9,307	\$68,683
(28) Other	115	O&M Without Gas Costs (P/F A)	\$729,894	\$556,199	\$95,409	\$15,759	\$7,388	\$55,139
(29) Total Proforma A Operating Costs			\$3,853,861	\$2,939,125	\$502,367	\$82,768	\$38,640	\$290,960
(30) Total Depreciation and Amortization Expense			\$1,123,421	\$739,534	\$158,663	\$37,885	\$17,557	\$169,782
(31) Total Proforma A Operating and Maintenance Expenses Before Tax			\$5,072,349	\$3,733,968	\$686,234	\$129,129	\$62,275	\$460,743

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE**  
**PROFORMA B (PROPOSED REVENUE LEVELS)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 4**  
**PAGE 2 OF 2**

	<u>NO.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b>PROFORMA COST OF COST</b>								
(1) Commodity Cost of Purchased Gas	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0
(2) Demand Cost of Purchased Gas	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(3) Leased Storage	9	Weighted Storage Allocator	\$0	\$0	\$0	\$0	\$0	\$0
(1) Unaccounted for Gas Costs (Sales Only)	2	Annual Sales	\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
(2) Total Proforma Cost of Gas			\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
<b>OPERATING EXPENSES</b>								
(2) Total Manufactured Gas Production Expenses	5	Design Day Sales	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$0
(3) Total Natural Gas Production Expenses	2	Annual Sales	\$18,439	\$10,728	\$4,888	\$1,644	\$1,179	\$0
(4) Total Underground Storage Expense	2	Annual Sales	\$1,152	\$670	\$305	\$103	\$74	\$0
<b>Total Transmission Expenses</b>								
(5) Mains	131	Transmission Mains Plant	\$25,739	\$14,640	\$3,611	\$1,098	\$484	\$5,905
(6) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(7) Structures and Improvements	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(8) Measuring and Regulating Equipment	131	Transmission Mains Plant	\$22,740	\$12,935	\$3,190	\$970	\$427	\$5,217
(9) Supervision and Engineering	104	Transmission O&M (P/F B)	\$6,078	\$3,457	\$853	\$259	\$114	\$1,394
(10) Other Transmission	104	Transmission O&M (P/F B)	\$64,657	\$36,778	\$9,072	\$2,757	\$1,215	\$14,835
<b>Total Distribution Expenses</b>								
(11) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$32,795	\$18,654	\$4,601	\$1,399	\$616	\$7,524
(12) Mains and Services	107	Mains and Services Plant	\$669,376	\$477,862	\$71,234	\$18,174	\$8,042	\$94,064
(13) Industrial Measuring and Regulating Equipment	103	Distribution Mains Plant	\$31,592	\$17,970	\$4,433	\$1,347	\$594	\$7,249
(14) Meter, Meter Installation and House Regulator	108	Meters, Meter Installations and Hol	\$407,431	\$262,404	\$121,297	\$12,298	\$6,052	\$5,380
(15) Customer Installation Expenses	3	Number of Bills	\$4,067	\$3,934	\$124	\$4	\$2	\$2
(16) Structures and Improvements Maintenance	103	Distribution Mains Plant	\$2,266	\$1,289	\$318	\$97	\$43	\$520
(17) Supervision and Engineering	119	Distribution O&M (P/F B)	\$38,720	\$26,390	\$6,816	\$1,124	\$518	\$3,871
(18) Other Distribution	119	Distribution O&M (P/F B)	\$61,388	\$41,840	\$10,807	\$1,782	\$821	\$6,138
(19) Total Customer Accounts Expense	3	Number of Bills	\$487,096	\$471,276	\$14,884	\$481	\$229	\$227
(20) Uncollectibles	14	95% Rate A / 5% Rate B	\$152,858	\$145,215	\$7,643	\$0	\$0	\$0
(20) Total Customer Service Expenses	3	Number of Bills	\$0	\$0	\$0	\$0	\$0	\$0
(21) Total Sales Expenses	117	O&M Without Gas Costs (P/F B)	\$3,566	\$2,703	\$466	\$79	\$37	\$280
<b>Administrative and General</b>								
(22) Plant-Related	100	Gross Plant	\$95,665	\$62,879	\$13,510	\$3,236	\$1,498	\$14,542
(23) Salaries-Related	117	O&M Without Gas Costs (P/F B)	\$1,008,333	\$764,507	\$131,900	\$22,225	\$10,411	\$79,291
(24) Other	117	O&M Without Gas Costs (P/F B)	\$732,070	\$555,048	\$95,762	\$16,136	\$7,558	\$57,567
(25) Total Proforma B Operating Costs			\$3,866,026	\$2,931,180	\$505,714	\$85,211	\$39,915	\$304,006
(26) Total Depreciation and Amortization Expense			<u>\$1,123,421</u>	<u>\$739,534</u>	<u>\$158,663</u>	<u>\$37,885</u>	<u>\$17,557</u>	<u>\$169,782</u>
(27) Total Proforma B Operating and Maintenance Expenses Before Tax			<u>\$5,084,514</u>	<u>\$3,726,023</u>	<u>\$689,581</u>	<u>\$131,573</u>	<u>\$63,549</u>	<u>\$473,789</u>

MIDWEST GAS CORPORATION

IURC CAUSE NO. 43229

COST OF SERVICE STUDY

ALLOCATION OF MISCELLANEOUS REVENUES

DATA: 12 MONTHS ENDED AUGUST 31, 2006

TYPE OF FILING: CASE-IN-CHIEF

WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 5  
PAGE 1 OF 1

	Allocation Method	Total	Rate A (Gen. Svc.)	Rate B (Comm.)	Rate C (Indus.)	Rate D (Interr.)	Rate E (Transp.)
11	Forfeited Discounts Study	\$108,848	\$95,420	\$12,340	\$1,088	\$0	\$0
14	95% Rate A / 5% Rate B	\$76,870	\$73,027	\$3,844	\$0	\$0	\$0

MISCELLANEOUS REVENUES

- (1) Forfeited Discounts
- (2) Miscellaneous Service Revenues

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES**  
**PROFORMA A NORMALIZED TAXES**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 6**  
**PAGE 1 OF 9**

<u>No. ALLOCATION METHOD</u>		<u>Total</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
(1)	Proforma A Normalized Revenues. w/o Misc. Rev.	\$4,971,864	\$3,414,418	\$614,406	\$178,027	\$125,696	\$639,317
(2)	Proforma A Normalized Miscellaneous Revenues	185,718	168,446	16,183	1,088	0	0
(3)	Proforma A Normalized Rev. w/Misc. Revenue:	<u>\$5,157,582</u>	<u>\$3,582,864</u>	<u>\$630,589</u>	<u>\$179,116</u>	<u>\$125,696</u>	<u>\$639,317</u>
<b><u>Indiana Utility Receipts Taxes</u></b>							
(4)	Total Proforma A Normalized Revenues w/ Misc. Rev.	\$5,157,582	\$3,582,864	\$630,589	\$179,116	\$125,696	\$639,317
(5)	Less: Uncollectible Expense	14 95% Rate A / 5% Rate B (142,869)	(\$135,725)	(\$7,143)	\$0	\$0	\$0
(6)	Less: Statutory Exemption	133 P/F A Normal Rev. w/ Misc. Rev. E. (1,000)	(\$712)	(\$125)	(\$36)	\$0	(\$127)
(7)	Less: Exempt Revenues	18 Winter Sales 0	\$0	\$0	\$0	\$0	\$0
(8)	Income for Utility Receipts Tax	\$5,013,714	\$3,446,427	\$623,320	\$179,080	\$125,696	\$639,190
(9)	Utility Receipts Tax Rate	1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
(10)	Utility Receipts Tax	<u>\$70,192</u>	<u>\$48,250</u>	<u>\$8,726</u>	<u>\$2,507</u>	<u>\$1,760</u>	<u>\$8,949</u>
<b><u>State Income Taxes</u></b>							
(11)	Total Proforma A Normalized Revenues	\$5,157,582	\$3,582,864	\$630,589	\$179,116	\$125,696	\$639,317
(12)	Less: Operation and Maintenance Expenses	(3,853,861)	(2,939,125)	(502,367)	(82,768)	(38,640)	(290,960)
(13)	Less: Gas Costs	(95,067)	(55,309)	(25,204)	(8,477)	(6,077)	0
(14)	Less: Depreciation	(1,123,421)	(739,534)	(158,663)	(37,885)	(17,557)	(169,782)
(15)	Less: Property Taxes	100 Gross Plant (206,838)	(\$135,952)	(\$29,210)	(\$6,996)	(\$3,240)	(\$31,441)
(16)	Less: Other Taxes	115 O&M Without Gas Costs (P/F A) (131,090)	(\$99,894)	(\$17,136)	(\$2,830)	(\$1,327)	(\$9,903)
(17)	Less: Utility Receipts Tax	0	0	0	0	0	0
(18)	Less: Interest Expense	102 Original Cost Rate Base (232,498)	(\$153,221)	(\$32,871)	(\$7,861)	(\$3,662)	(\$34,882)
(19)	Plus: Non-Deductible Expenses	102 Original Cost Rate Base 0	\$0	\$0	\$0	\$0	\$0
(20)	Income for State Income Taxes	<u>(\$485,193)</u>	<u>(\$540,171)</u>	<u>(\$134,862)</u>	<u>\$32,299</u>	<u>\$55,192</u>	<u>\$102,348</u>
(21)	State Income Tax Rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
(22)	State Income Taxes	<u>(\$41,241)</u>	<u>(\$45,914)</u>	<u>(\$11,463)</u>	<u>\$2,745</u>	<u>\$4,691</u>	<u>\$8,700</u>
(23)	Less: Deferred State Tax Flowback	120 Total Depreciation Expenses 0	\$0	\$0	\$0	\$0	\$0
(24)	Total State Tax Liability	<u>(\$41,241)</u>	<u>(\$45,914)</u>	<u>(\$11,463)</u>	<u>\$2,745</u>	<u>\$4,691</u>	<u>\$8,700</u>

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES**  
**PROFORMA A NORMALIZED TAXES (Continued)**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 6  
PAGE 2 OF 9

	No.	ALLOCATION METHOD	Total	Rate A (Gen. Svc.)	Rate B (Comm.)	Rate C (Indus.)	Rate D (Interr.)	Rate E (Transp.)
<b>Federal Income Taxes</b>								
(25) Total Proforma A Normalized Revenues			\$5,157,582	\$3,582,864	\$630,589	\$179,116	\$125,696	\$639,317
(26) Less: Operation and Maintenance Expenses			(3,853,861)	(2,939,125)	(502,367)	(82,768)	(38,640)	(290,960)
(27) Less: Gas Costs			(95,067)	(55,309)	(25,204)	(8,477)	(6,077)	0
(28) Less: Depreciation			(1,123,421)	(739,534)	(158,663)	(37,885)	(17,557)	(169,782)
(29) Less: Property Taxes			(206,838)	(135,952)	(29,210)	(6,996)	(3,240)	(31,441)
(30) Less: Other Taxes			(131,090)	(99,894)	(17,136)	(2,830)	(1,327)	(9,903)
(31) Less: Utility Receipts Tax			(70,192)	(48,250)	(8,726)	(2,507)	(1,760)	(8,949)
(32) Less: Interest Expense			(232,498)	(153,221)	(32,871)	(7,861)	(3,662)	(34,882)
(33) Plus: Non-Deductible Expenses			0	0	0	0	0	0
(34) Less: State Income taxes			41,241	45,914	11,463	(2,745)	(4,691)	(8,700)
(35) Income for Federal Income Taxes			(\$514,144)	(\$542,506)	(\$132,125)	\$27,046	\$48,741	\$84,700
(36) Federal Income Tax Rate			34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
(37) Federal Income Taxes			(\$174,809)	(\$184,452)	(\$44,923)	\$9,196	\$16,572	\$28,798
(38) Less: Investment Tax Credit	100	Gross Plant	0	\$0	\$0	\$0	\$0	\$0
(39) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	0	\$0	\$0	\$0	\$0	\$0
(40) Total Federal Tax Liability			(\$174,809)	(\$184,452)	(\$44,923)	\$9,196	\$16,572	\$28,798
<b>Net Operating Income</b>								
(41) Total Proforma A Normalized Margins			\$5,157,582	\$3,582,864	\$630,589	\$179,116	\$125,696	\$639,317
(42) Less: Operation and Maintenance Expenses			(3,853,861)	(2,939,125)	(502,367)	(82,768)	(38,640)	(290,960)
(43) Less: Gas Costs			(95,067)	(55,309)	(25,204)	(8,477)	(6,077)	0
(44) Less: Depreciation			(1,123,421)	(739,534)	(158,663)	(37,885)	(17,557)	(169,782)
(45) Less: Other Taxes			(131,090)	(99,894)	(17,136)	(2,830)	(1,327)	(9,903)
(46) Less: Utility Receipts Tax			(70,192)	(48,250)	(8,726)	(2,507)	(1,760)	(8,949)
(47) Less: Property Taxes			(206,838)	(135,952)	(29,210)	(6,996)	(3,240)	(31,441)
(48) Less: State Income Taxes			41,241	45,914	11,463	(2,745)	(4,691)	(8,700)
(49) Less: Total Federal Income tax Liability			174,809	184,452	44,923	(9,196)	(16,572)	(28,798)
(50) Net Operating Income			(\$106,837)	(\$204,833)	(\$54,332)	\$25,712	\$35,831	\$90,784
(51) Total Rate Base			\$11,862,124	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709
(52) Rate of Return			-0.90%	-2.62%	-3.24%	6.41%	19.18%	5.10%

**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
PROFORMA A EQUALIZED TAXES**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 6  
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NO.	ALLOCATION METHOD	TOTAL	Rate A (Gen. Svc.)	Rate B (Comm.)	Rate C (Indus.)	Rate D (Interr.)	Rate E (Transp.)
(1)	Rate Base	\$11,862,124	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709
(2)	Allowed Rate of Return	-0.9007%	-0.9007%	-0.9007%	-0.9007%	-0.9007%	-0.9007%
(3)	Allowed Net Operating Income	(\$106,837)	(\$70,408)	(\$15,105)	(\$3,612)	(\$1,683)	(\$16,029)
<b><u>Federal Income Taxes</u></b>							
(4)	Net Operating Income	(\$106,837)	(\$70,408)	(\$15,105)	(\$3,612)	(\$1,683)	(\$16,029)
(5)	Less: Interest Expense	102 Original Cost Rate Base	(232,498)	(\$153,221)	(\$32,871)	(\$7,861)	(\$3,662)
(6)	Plus: Non-Deductible Expenses		0	0	0	0	0
(7)	Plus: Investment Tax Credit	100 Gross Plant	0	\$0	\$0	\$0	\$0
(8)	Less: Deferred Federal Tax Flowback	120 Total Depreciation Expenses	0	\$0	\$0	\$0	\$0
(9)	Total Amount to Calculate Federal Taxes		(\$339,335)	(\$223,629)	(\$47,976)	(\$11,474)	(\$5,345)
(10)	Federal Tax Factor (Tax Rate/(1-Tax Rate))		51.5152%	51.5152%	51.5152%	51.5152%	51.5152%
(11)	Federal Income Taxes Before Flowback		(\$174,809)	(\$115,203)	(\$24,715)	(\$5,911)	(\$2,754)
(12)	Less: Deferred Federal Tax Flowback	120 Total Depreciation Expenses	0	\$0	\$0	\$0	\$0
(13)	Less: Investment Tax Credit		0	0	0	0	0
(14)	Federal Income taxes After Flowback		(\$174,809)	(\$115,203)	(\$24,715)	(\$5,911)	(\$2,754)
<b><u>State Income Taxes</u></b>							
(15)	Net Operating Income		(\$106,837)	(\$70,408)	(\$15,105)	(\$3,612)	(\$1,683)
(16)	Less: Interest Expense		(232,498)	(\$153,221)	(\$32,871)	(\$7,861)	(\$3,662)
(17)	Plus: Non-Deductible Expenses		\$0	\$0	\$0	\$0	\$0
(18)	Plus: Utility Receipts Tax		\$70,192	\$51,408	\$9,650	\$1,818	\$877
(19)	Plus: Investment Tax Credit		0	0	0	0	0
(20)	Plus: Federal Income Taxes		(174,809)	(115,203)	(24,715)	(5,911)	(2,754)
(21)	Plus: Property taxes	100 Gross Plant	\$0	0	0	0	0
(22)	Less: Deferred State Tax Flowback	102 Original Cost Rate Base	\$0	0	0	0	0
(23)	Total Amount to Calculate State Taxes		(\$443,952)	(\$287,424)	(\$63,040)	(\$15,567)	(\$7,222)
(24)	State Tax Factor (Tax Rate/(1-Tax Rate))		9.2896%	9.2896%	9.2896%	9.2896%	9.2896%
(25)	State Income Taxes-Current and Deferred		(\$41,241)	(\$26,701)	(\$5,856)	(\$1,446)	(\$671)
(26)	Less: Deferred State Tax Flowback	102 Original Cost Rate Base	\$0	0	0	0	0
(27)	State Income Tax After Flowback		(\$41,241)	(\$26,701)	(\$5,856)	(\$1,446)	(\$671)



**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES**  
**PROFORMA A EQUALIZED TAXES (Continued)**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 6  
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NO.	ALLOCATION METHOD	TOTAL	Rate A (Gen. Svc.)	Rate B (Comm.)	Rate C (Indus.)	Rate D (Interr.)	Rate E (Transp.)
<b><u>Utility Receipts Taxes</u></b>							
(28)	Net Operating Income	(106,837)	(70,408)	(15,105)	(3,612)	(1,683)	(16,029)
(29)	Plus: Operating & Maintenance Expenses	\$3,853,861	\$2,939,125	\$502,367	\$82,768	\$38,640	\$290,960
(30)	Plus: Gas Costs (Rate 70 + UAFG)	\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
(31)	Plus: Depreciation and Amortization Expenses	\$1,123,421	\$739,534	\$158,663	\$37,885	\$17,557	\$169,782
(32)	Plus: Investment Tax Credit	0	0	0	0	0	0
(33)	Plus: Federal Income Taxes	(174,809)	(115,203)	(24,715)	(5,911)	(2,754)	(26,227)
(34)	Plus: State Income Taxes	(41,241)	(26,701)	(5,856)	(1,446)	(671)	(6,568)
(35)	Plus: Property taxes	206,838	135,952	29,210	6,996	3,240	31,441
(36)	Plus: Other Taxes	131,090	99,391	17,148	2,889	1,353	10,308
(37)	Less: Uncollectible Expense	14 95% Rate A / 5% Rate B	(142,869)	(135,725)	(7,143)	0	0
(38)	Less: Statutory Exemption	133 P/F A Normal Rev. w/ Misc. Rev. E	(1,000)	(712)	(125)	(36)	(127)
(39)	Less: Exempt Revenues	0	0	0	0	0	0
(40)	Total Amount to Calculate Utility Receipts Taxes	\$4,943,521	\$3,620,563	\$679,648	\$128,010	\$61,760	\$453,541
(41)	Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%
(42)	Utility Receipts Taxes	\$70,192	\$51,408	\$9,650	\$1,818	\$877	\$6,440
<b><u>Derivation of Proforma A Equalized Revenues</u></b>							
(43)	Net Operating Income	(106,837)	(70,408)	(15,105)	(3,612)	(1,683)	(16,029)
(44)	Plus: Operating & Maintenance Expenses	\$3,853,861	\$2,939,125	\$502,367	\$82,768	\$38,640	\$290,960
(45)	Plus: Gas Costs	95,067	55,309	25,204	8,477	6,077	0
(46)	Plus: Depreciation and Amortization Expenses	\$1,123,421	\$739,534	\$158,663	\$37,885	\$17,557	\$169,782
(47)	Plus: Federal Income Taxes	(174,809)	(115,203)	(24,715)	(5,911)	(2,754)	(26,227)
(48)	Plus: State Income taxes	(41,241)	(26,701)	(5,856)	(1,446)	(671)	(6,568)
(49)	Plus: Gross Income taxes	70,192	51,408	9,650	1,818	877	6,440
(50)	Plus: Property taxes	206,838	135,952	29,210	6,996	3,240	31,441
(51)	Plus: Other Taxes	131,090	99,391	17,148	2,889	1,353	10,308
(52)	Plus: Investment Tax Credit	0	0	0	0	0	0
(53)	Proforma A Equalized Revenues w/Misc. Rev	\$5,157,582	\$3,808,408	\$696,567	\$129,863	\$62,637	\$460,108

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES**  
**PROFORMA B EQUALIZED TAXES**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 6**  
**PAGE 5 OF 9**

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate A (Gen.</u>	<u>Rate B</u>	<u>Rate C</u>	<u>Rate D</u>	<u>Rate E</u>
				<u>Svc.)</u>	<u>(Comm.)</u>	<u>(Indus.)</u>	<u>(Interr.)</u>	<u>(Transp.)</u>
(1) Rate Base			\$11,862,124	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709
(2) Allowed Rate of Return			9.3100%	9.3100%	9.3100%	9.3100%	9.3100%	9.3100%
(3) Allowed Net Operating Income			\$1,104,364	\$727,798	\$156,137	\$37,342	\$17,396	\$165,691
<b><u>Federal Income Taxes</u></b>								
(4) Net Operating Income			\$1,104,364	\$727,798	\$156,137	\$37,342	\$17,396	\$165,691
(5) Less: Interest Expense	102	Original Cost Rate Base	(232,498)	(153,221)	(32,871)	(7,861)	(3,662)	(34,882)
(6) Plus: Non-Deductible Expenses			0	0	0	0	0	0
(7) Plus: Investment Tax Credit	100	Gross Plant	0	0	0	0	0	0
(8) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	0	0	0	0	0	0
(9) Total Amount to Calculate Federal Taxes			\$871,866	\$574,577	\$123,266	\$29,480	\$13,734	\$130,809
(10) Federal Tax Factor (Tax Rate/(1-Tax Rate))			51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%
(11) Federal Income Taxes Before Flowback and ITC			\$449,143	\$295,994	\$63,501	\$15,187	\$7,075	\$67,386
(12) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	0	0	0	0	0	0
(13) Less: Investment Tax Credit			0	0	0	0	0	0
(14) Federal Income Tax Liability			\$449,143	\$295,994	\$63,501	\$15,187	\$7,075	\$67,386
<b><u>State Income Taxes</u></b>								
(15) Net Operating Income			\$1,104,364	\$727,798	\$156,137	\$37,342	\$17,396	\$165,691
(16) Less: Interest Expense			(232,498)	(153,221)	(32,871)	(7,861)	(3,662)	(34,882)
(17) Plus: Non-Deductible Expenses			0	0	0	0	0	0
(18) Plus: Utility Receipts Tax			\$98,738	\$69,951	\$13,722	\$2,817	\$1,344	\$10,904
(19) Plus: Investment Tax Credit			0	0	0	0	0	0
(20) Plus: Federal Income Taxes			449,143	295,994	63,501	15,187	7,075	67,386
(21) Plus: Property Taxes	100	Gross Plant	\$0	0	0	0	0	0
(22) Less: Deferred State Tax Flowback			\$0	\$0	\$0	\$0	\$0	\$0
(23) Total Amount to Calculate State Taxes			\$1,419,747	\$940,523	\$200,488	\$47,484	\$22,153	\$209,099
(24) State Tax Factor (Tax Rate/(1-Tax Rate))			9.2896%	9.2896%	9.2896%	9.2896%	9.2896%	9.2896%
(25) State Income Taxes-Current and Deferred			\$131,889	\$87,371	\$18,625	\$4,411	\$2,058	\$19,424
(26) Less: Deferred State Tax Flowback			\$0	\$0	\$0	\$0	\$0	\$0
(27) State Income Tax Liability			\$131,889	\$87,371	\$18,625	\$4,411	\$2,058	\$19,424

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES**  
**PROFORMA B EQUALIZED TAXES (Continued)**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 6  
PAGE 6 OF 9

	NO.	ALLOCATION METHOD	TOTAL	Rate A (Gen. Svc.)	Rate B (Comm.)	Rate C (Indus.)	Rate D (Interr.)	Rate E (Transp.)
<b>Utility Receipts Tax</b>								
(28) Net Operating Income			1,104,364	727,798	156,137	37,342	17,396	165,691
(29) Plus: Operating & Maintenance Expense			\$3,866,026	\$2,931,180	\$505,714	\$85,211	\$39,915	\$304,006
(30) Plus: Gas Costs (Rate 70 + UAFG)			\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
(31) Plus: Depreciation and Amortization Expense			\$1,123,421	\$739,534	\$158,663	\$37,885	\$17,557	\$169,782
(32) Plus: Investment Tax Credit	100	Gross Plant	0	0	0	0	0	0
(33) Plus: Federal Income Taxes			449,143	295,994	63,501	15,187	7,075	67,386
(34) Plus: Property Taxes			206,838	135,952	29,210	6,996	3,240	31,441
(35) Plus: State Income Taxes			131,889	87,371	18,625	4,411	2,058	19,424
(36) Plus: Other Taxes	117	O&M Without Gas Costs (P/F B)	131,090	99,391	17,148	2,889	1,353	10,308
(37) Less: Uncollectible Expense	14	95% Rate A / 5% Rate B	(152,858)	(145,215)	(7,643)	0	0	0
(38) Less: Statutory Exemption	122	P/F A Equalized Rev. w/ Misc. Rev	(1,000)	(738)	(135)	(25)	(12)	(89)
(39) Less: Exempt Revenues			0	0	0	0	0	0
(40) Total Amount to Calculate Utility Receipts Tax			\$6,953,981	\$4,926,576	\$966,423	\$198,372	\$94,660	\$767,950
(41) Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))			1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%
(42) Utility Receipts Taxes			\$98,738	\$69,951	\$13,722	\$2,817	\$1,344	\$10,904

**DERIVATION OF PROFORMA B EQUALIZED REVENUES**

(43) Net Operating Income			1,104,364	727,798	156,137	37,342	17,396	165,691
(44) Plus: Operating & Maintenance Expenses			\$3,866,026	\$2,931,180	\$505,714	\$85,211	\$39,915	\$304,006
(45) Plus: Gas Costs			95,067	55,309	25,204	8,477	6,077	0
(46) Plus: Depreciation and Amortization Expenses			\$1,123,421	\$739,534	\$158,663	\$37,885	\$17,557	\$169,782
(47) Plus: Federal Income Taxes			449,143	295,994	63,501	15,187	7,075	67,386
(48) Plus: State Income Taxes			131,889	87,371	18,625	4,411	2,058	19,424
(49) Plus: Utility Receipts Taxes			98,738	69,951	13,722	2,817	1,344	10,904
(50) Plus: Property Taxes			206,838	135,952	29,210	6,996	3,240	31,441
(51) Plus Other Taxes			131,090	99,391	17,148	2,889	1,353	10,308
(52) Plus: Investment Tax Credit			0	0	0	0	0	0
(53) Proforma B Equalized Revenues w/Misc. Rev			\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES**  
**PROFORMA B NORMALIZED TAXES**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 6  
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NO.	ALLOCATION METHOD	TOTAL	Rate A (Gen. Svc.)	Rate B (Comm.)	Rate C (Indus.)	Rate D (Interr.)	Rate E (Transp.)
<b><u>SUBSIDY REDUCTION</u></b>							
(1)	Proforma A Normalized Revenues w/Misc. Rev.	\$5,157,582	\$3,582,864	\$630,589	\$179,116	\$125,696	\$639,317
(2)	Less: Proforma A Equalized Revenues w/Misc. Rev.	5,157,582	3,808,408	696,567	129,863	62,637	460,108
(3)	Proforma A Subsidy	\$0	(\$225,543)	(\$65,977)	\$49,253	\$63,058	\$179,209
(4)	Proposed Subsidy Reduction Percentage		100.00%	100.00%	100.00%	100.00%	100.00%
(5)	Proforma B Subsidy	\$0	\$0	\$0	\$0	\$0	\$0
(6)	Proforma B Equalized Revenues w/Misc. Rev.	\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943
(7)	Proforma B Normalized Revenues w/Misc. Rev.	\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943
<b><u>TAX CALCULATIONS</u></b>							
<b><u>Utility Receipts Taxes</u></b>							
(8)	Total Proforma B Normal Revenues	\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943
(9)	Less: Uncollectible Expense	14 95% Rate A / 5% Rate B (152,858)	(145,215)	(7,643)	0	0	0
(10)	Less: Statutory Exemption	124 P/F B Normal Rev. w/ Misc. Rev.	(1,000)	(714)	(137)	(28)	(13)
(11)	Less: Exempt Revenues		0	0	0	0	0
(12)	Income for Utility Receipts Taxes	\$7,052,719	\$4,996,552	\$980,143	\$201,186	\$96,003	\$778,835
(13)	Utility Receipts Tax Rate	1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
(14)	Utility Receipts Taxes	\$98,738	\$69,952	\$13,722	\$2,817	\$1,344	\$10,904
<b><u>State Income Taxes</u></b>							
(15)	Total Proforma B Normal Revenues	\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943
(16)	Less: Operation and Maintenance Expenses	(3,866,026)	(2,931,180)	(505,714)	(85,211)	(39,915)	(304,006)
(17)	Less: Gas Costs	(95,067)	(55,309)	(25,204)	(8,477)	(6,077)	0
(18)	Less: Depreciation Expense	(1,123,421)	(739,534)	(158,663)	(37,885)	(17,557)	(169,782)
(19)	Less: Property Taxes	(206,838)	(135,952)	(29,210)	(6,996)	(3,240)	(31,441)
(20)	Less: Other Taxes	117 O&M Without Gas Costs (P/F B)	(131,090)	(99,391)	(17,148)	(2,889)	(1,353)
(21)	Less: Utility Receipts Tax		0	0	0	0	0
(22)	Less: Interest Expense	102 Original Cost Rate Base	(232,498)	(153,221)	(32,871)	(7,861)	(3,662)
(23)	Less: Non-Deductible Expenses		0	0	0	0	0
(24)	Income for State Income Taxes	\$1,551,636	\$1,027,894	\$219,113	\$51,895	\$24,211	\$228,523
(25)	State Income Tax Rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
(26)	State Income Taxes Before Flowback	\$131,889	\$87,371	\$18,625	\$4,411	\$2,058	\$19,424
(27)	Less: Deferred State Tax Flowback	\$0	\$0	\$0	\$0	\$0	\$0
(28)	Total State Income Tax Liability	\$131,889	\$87,371	\$18,625	\$4,411	\$2,058	\$19,424

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES**  
**PROFORMA B NORMALIZED TAXES (Continued)**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 6  
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	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b>Federal Income taxes</b>								
(29) Total Proforma B Normal Revenues			\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943
(30) Less: Operation and Maintenance Expenses			(3,866,026)	(2,931,180)	(505,714)	(85,211)	(39,915)	(304,006)
(31) Less: Gas Costs			(95,067)	(55,309)	(25,204)	(8,477)	(6,077)	0
(32) Less: Depreciation Expense			(1,123,421)	(739,534)	(158,663)	(37,885)	(17,557)	(169,782)
(33) Less: Other Taxes			(131,090)	(99,391)	(17,148)	(2,889)	(1,353)	(10,308)
(34) Less: Property Taxes	100	Gross Plant	(206,838)	(135,952)	(29,210)	(6,996)	(3,240)	(31,441)
(35) Less: Utility Receipts Taxes			(98,738)	(69,952)	(13,722)	(2,817)	(1,344)	(10,904)
(36) Less: Interest Expense	102	Original Cost Rate Base	(232,498)	(153,221)	(32,871)	(7,861)	(3,662)	(34,882)
(37) Less: Non-Deductible Expenses			0	0	0	0	0	0
(38) Less: State Income taxes			(131,889)	(87,371)	(18,625)	(4,411)	(2,058)	(19,424)
(39) Income for Federal Income Taxes			\$1,321,009	\$870,571	\$186,766	\$44,667	\$20,809	\$198,195
(40) Federal Income Tax Rate			34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
(41) Federal Income Taxes			\$449,143	\$295,994	\$63,501	\$15,187	\$7,075	\$67,386
(42) Less: Investment Tax Credit	100	Gross Plant	0	0	0	0	0	0
(43) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	0	0	0	0	0	0
(44) Total Federal Income Tax Liability			\$449,143	\$295,994	\$63,501	\$15,187	\$7,075	\$67,386
<b>Net Operating Income</b>								
(45) Total Proforma B Normal Revenues w/Misc. Rev.			\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943
(46) Less: Operation and Maintenance Expenses			(3,866,026)	(2,931,180)	(505,714)	(85,211)	(39,915)	(304,006)
(47) Less: Gas Costs			(95,067)	(55,309)	(25,204)	(8,477)	(6,077)	0
(48) Less: Depreciation Expense			(1,123,421)	(739,534)	(158,663)	(37,885)	(17,557)	(169,782)
(49) Less: Other Taxes			(131,090)	(99,391)	(17,148)	(2,889)	(1,353)	(10,308)
(50) Less: Utility Receipts Taxes			(98,738)	(69,952)	(13,722)	(2,817)	(1,344)	(10,904)
(51) Less: Property Taxes			(206,838)	(135,952)	(29,210)	(6,996)	(3,240)	(31,441)
(52) Less: State Income Taxes			(131,889)	(87,371)	(18,625)	(4,411)	(2,058)	(19,424)
(53) Less: Total Federal Income Tax Liability			(449,143)	(295,994)	(63,501)	(15,187)	(7,075)	(67,386)
(54) Net Operating Income			\$1,104,364	\$727,798	\$156,137	\$37,342	\$17,396	\$165,691
(55) Total Rate Base			\$11,862,124	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709
(56) Rate of Return			9.31%	9.31%	9.31%	9.31%	9.31%	9.31%

**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
SUMMARY OF PROFORMA REVENUES**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3  
SCHEDULE 6  
PAGE 9 OF 9

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b><u>Proforma A Normalized Revenues</u></b>								
(1)		Proforma A Normalized Revenues w/o Misc. Rev.	\$4,971,864	\$3,414,418	\$614,406	\$178,027	\$125,696	\$639,317
(2)		Proforma A Normalized Miscellaneous Revenues	185,718	168,446	16,183	1,088	0	0
(3)		Total Proforma A Normalized Revenues w/Misc. Rev	\$5,157,582	\$3,582,864	\$630,589	\$179,116	\$125,696	\$639,317
<b><u>Proforma A Equalized Revenues</u></b>								
(4)		Proforma A Equalized Revenues w/o Misc. Rev.	\$4,971,864	\$3,639,961	\$680,383	\$128,774	\$62,637	\$460,108
(5)		Proforma A Equalized Miscellaneous Revenues	185,718	168,446	16,183	1,088	0	0
(6)		Total Proforma A Equalized Revenues w/Misc. Rev	\$5,157,582	\$3,808,408	\$696,567	\$129,863	\$62,637	\$460,108
<b><u>Proforma B Equalized Revenues</u></b>								
(7)		Proforma B Equalized Revenues w/o Misc. Rev.	\$7,020,859	\$4,974,035	\$971,739	\$200,126	\$96,016	\$778,943
(8)		Proforma B Equalized Miscellaneous Revenues	185,718	168,446	16,183	1,088	0	0
(9)		Total Proforma B Equalized Revenues w/Misc. Rev	\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943
<b><u>Proforma B Normalized Revenues</u></b>								
(10)		Proforma B Normalized Revenues w/o Misc. Rev.	\$7,020,859	\$4,974,035	\$971,739	\$200,126	\$96,016	\$778,943
(11)		Proforma B Normalized Miscellaneous Revenues	185,718	168,446	16,183	1,088	0	0
(12)		Total Proforma B Normalized Revenues w/Misc. Rev	\$7,206,577	\$5,142,481	\$987,923	\$201,214	\$96,016	\$778,943

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**NORMALIZED COST OF SERVICE AT PRESENT RATES**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 7**  
**PAGE 1 OF 4**

	<u>TOTAL</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b>OPERATING REVENUES:</b>						
(1) Revenue from Gas Sales	\$4,971,864	\$3,414,418	\$614,406	\$178,027	\$125,696	\$639,317
(2) Miscellaneous Revenues	<u>185,718</u>	<u>168,446</u>	<u>16,183</u>	<u>1,088</u>	<u>0</u>	<u>0</u>
(3) Total Operating Revenues	<u>\$5,157,582</u>	<u>\$3,582,864</u>	<u>\$630,589</u>	<u>\$179,116</u>	<u>\$125,696</u>	<u>\$639,317</u>
<b>OPERATING EXPENSES</b>						
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0	\$0	\$0	\$0
(7) Unaccounted for Gas Costs (Sales Only)	\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
(8) Total Manufactured Gas Production Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$0
(9) Total Natural Gas Production Expenses	\$18,439	\$10,728	\$4,888	\$1,644	\$1,179	\$0
(10) Total Underground Storage Expense	\$1,152	\$670	\$305	\$103	\$74	\$0
(11) Total Transmission Expenses						
(12) Mains	\$25,739	\$14,640	\$3,611	\$1,098	\$484	\$5,905
(13) Compressor Station Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0
(15) Measuring and Regulating Equipment	\$22,740	\$12,935	\$3,190	\$970	\$427	\$5,217
(16) Supervision and Engineering	\$6,078	\$3,457	\$853	\$259	\$114	\$1,394
(17) Other Transmission	\$64,657	\$36,778	\$9,072	\$2,757	\$1,215	\$14,835
(18) Total Distribution Expenses						
(19) Measuring and Regulating Equipment	\$32,795	\$18,654	\$4,601	\$1,399	\$616	\$7,524
(20) Mains and Services	\$669,376	\$477,862	\$71,234	\$18,174	\$8,042	\$94,064
(21) Industrial Measuring and Regulating Equipment	\$31,592	\$17,970	\$4,433	\$1,347	\$594	\$7,249
(22) Meter, Meter Installation and House Regulator	\$407,431	\$262,404	\$121,297	\$12,298	\$6,052	\$5,380
(23) Customer Installation Expenses	\$4,067	\$3,934	\$124	\$4	\$2	\$2
(24) Structures and Improvements Maintenance	\$2,266	\$1,289	\$318	\$97	\$43	\$520
(25) Supervision and Engineering	\$38,720	\$26,390	\$6,816	\$1,124	\$518	\$3,871
(26) Other Distribution	\$61,388	\$41,840	\$10,807	\$1,782	\$821	\$6,138
(27) Total Customer Accounts Expense	\$487,096	\$471,276	\$14,884	\$481	\$229	\$227
(28) Uncollectibles	\$142,869	\$135,725	\$7,143	\$0	\$0	\$0
(29) Total Customer Service Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(30) Total Sales Expenses	\$3,566	\$2,717	\$466	\$77	\$36	\$269
(31) Administrative and General	\$1,833,892	\$1,399,856	\$238,325	\$39,154	\$18,193	\$138,364
(32) Total Depreciation and Amortization Expense	\$1,123,421	\$739,534	\$158,663	\$37,885	\$17,557	\$169,782
(33) Other Taxes	131,090	99,894	17,136	2,830	1,327	9,903
(34) Property Taxes	206,838	135,952	29,210	6,996	3,240	31,441
(35) Utility Receipts Taxes	70,192	48,250	8,726	2,507	1,760	8,949
(36) State Income Taxes	(41,241)	(45,914)	(11,463)	2,745	4,691	8,700
(37) Federal Income Taxes	<u>(174,809)</u>	<u>(184,452)</u>	<u>(44,923)</u>	<u>9,196</u>	<u>16,572</u>	<u>28,798</u>
(38) Total Operating Expenses	<u>\$5,264,419</u>	<u>\$3,787,698</u>	<u>\$684,921</u>	<u>\$153,404</u>	<u>\$89,864</u>	<u>\$548,533</u>
(39) Net Operating Income	<u>(\$106,837)</u>	<u>(\$204,833)</u>	<u>(\$54,332)</u>	<u>\$25,712</u>	<u>\$35,831</u>	<u>\$90,784</u>
(40) Rate Base	\$11,862,124	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709
(41) Rate of Return	<u>-0.90%</u>	<u>-2.62%</u>	<u>-3.24%</u>	<u>6.41%</u>	<u>19.18%</u>	<u>5.10%</u>

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**EQUALIZED COST OF SERVICE AT PRESENT RATES**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**PAGE 2 OF 4**

	<u>TOTAL</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b><u>OPERATING REVENUES:</u></b>						
(1) Revenue from Gas Sales	\$4,971,864	\$3,639,961	\$680,383	\$128,774	\$62,637	\$460,108
(2) Miscellaneous Revenues	<u>185,718</u>	<u>168,446</u>	<u>16,183</u>	<u>1,088</u>	<u>0</u>	<u>0</u>
(3) Total Operating Revenues	<u>\$5,157,582</u>	<u>\$3,808,408</u>	<u>\$696,567</u>	<u>\$129,863</u>	<u>\$62,637</u>	<u>\$460,108</u>
<b><u>OPERATING EXPENSES</u></b>						
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0	\$0	\$0	\$0
(7) Unaccounted for Gas Costs (Sales Only)	\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
(8) Total Manufactured Gas Production Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$0
(9) Total Natural Gas Production Expenses	\$18,439	\$10,728	\$4,888	\$1,644	\$1,179	\$0
(10) Total Underground Storage Expense	\$1,152	\$670	\$305	\$103	\$74	\$0
(11) Total Transmission Expenses						
(12) Mains	\$25,739	\$14,640	\$3,611	\$1,098	\$484	\$5,905
(13) Compressor Station Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0
(15) Measuring and Regulating Equipment	\$22,740	\$12,935	\$3,190	\$970	\$427	\$5,217
(16) Supervision and Engineering	\$6,078	\$3,457	\$853	\$259	\$114	\$1,394
(17) Other Transmission	\$64,657	\$36,778	\$9,072	\$2,757	\$1,215	\$14,835
(18) Total Distribution Expenses						
(19) Measuring and Regulating Equipment	\$32,795	\$18,654	\$4,601	\$1,399	\$616	\$7,524
(20) Mains and Services	\$669,376	\$477,862	\$71,234	\$18,174	\$8,042	\$94,064
(21) Industrial Measuring and Regulating Equipment	\$31,592	\$17,970	\$4,433	\$1,347	\$594	\$7,249
(22) Meter, Meter Installation and House Regulator	\$407,431	\$262,404	\$121,297	\$12,298	\$6,052	\$5,380
(23) Customer Installation Expenses	\$4,067	\$3,934	\$124	\$4	\$2	\$2
(24) Structures and Improvements Maintenance	\$2,266	\$1,289	\$318	\$97	\$43	\$520
(25) Supervision and Engineering	\$38,720	\$26,390	\$6,816	\$1,124	\$518	\$3,871
(26) Other Distribution	\$61,388	\$41,840	\$10,807	\$1,782	\$821	\$6,138
(27) Total Customer Accounts Expense	\$487,096	\$471,276	\$14,884	\$481	\$229	\$227
(28) Uncollectibles	\$142,869	\$135,725	\$7,143	\$0	\$0	\$0
(29) Total Customer Service Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(30) Total Sales Expenses	\$3,566	\$2,717	\$466	\$77	\$36	\$269
(31) Administrative and General	\$1,833,892	\$1,399,856	\$238,325	\$39,154	\$18,193	\$138,364
(32) Total Depreciation and Amortization Expense	\$1,123,421	739,534	158,663	37,885	17,557	169,782
(33) Other Taxes	131,090	99,391	17,148	2,889	1,353	10,308
(34) Property Taxes	206,838	135,952	29,210	6,996	3,240	31,441
(35) Utility Receipts Taxes	70,192	51,408	9,650	1,818	877	6,440
(36) State Income Taxes	(41,241)	(26,701)	(5,856)	(1,446)	(671)	(6,568)
(37) Federal Income Taxes	(174,809)	(115,203)	(24,715)	(5,911)	(2,754)	(26,227)
(38) Total Operating Expenses	<u>\$5,264,419</u>	<u>\$3,878,815</u>	<u>\$711,671</u>	<u>\$133,475</u>	<u>\$64,320</u>	<u>\$476,137</u>
(39) Net Operating Income	<u>(\$106,837)</u>	<u>(\$70,408)</u>	<u>(\$15,105)</u>	<u>(\$3,612)</u>	<u>(\$1,683)</u>	<u>(\$16,029)</u>
(40) Rate Base	\$11,862,124	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709
(41) Rate of Return	<u>-0.90%</u>	<u>-0.90%</u>	<u>-0.90%</u>	<u>-0.90%</u>	<u>-0.90%</u>	<u>-0.90%</u>



**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**EQUALIZED COST OF SERVICE AT PROPOSED RATES**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 7**  
**PAGE 3 OF 4**

	<u>TOTAL</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b>OPERATING REVENUES:</b>						
(1) Revenue from Gas Sales	\$7,020,859	\$4,974,035	\$971,739	\$200,126	\$96,016	\$778,943
(2) Miscellaneous Revenues	<u>185,718</u>	<u>168,446</u>	<u>16,183</u>	<u>1,088</u>	<u>0</u>	<u>0</u>
(3) Total Operating Revenues	<u>\$7,206,577</u>	<u>\$5,142,481</u>	<u>\$987,923</u>	<u>\$201,214</u>	<u>\$96,016</u>	<u>\$778,943</u>
<b>OPERATING EXPENSES</b>						
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0	\$0	\$0	\$0
(7) Unaccounted for Gas Costs (Sales Only)	\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
(8) Total Manufactured Gas Production Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$0
(9) Total Natural Gas Production Expenses	\$18,439	\$10,728	\$4,888	\$1,644	\$1,179	\$0
(10) Total Underground Storage Expense	\$1,152	\$670	\$305	\$103	\$74	\$0
(11) Total Transmission Expenses						
(12) Mains	\$25,739	\$14,640	\$3,611	\$1,098	\$484	\$5,905
(13) Compressor Station Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0
(15) Measuring and Regulating Equipment	\$22,740	\$12,935	\$3,190	\$970	\$427	\$5,217
(16) Supervision and Engineering	\$6,078	\$3,457	\$853	\$259	\$114	\$1,394
(17) Other Transmission	\$64,657	\$36,778	\$9,072	\$2,757	\$1,215	\$14,835
(18) Total Distribution Expenses						
(19) Measuring and Regulating Equipment	\$32,795	\$18,654	\$4,601	\$1,399	\$616	\$7,524
(20) Mains and Services	\$669,376	\$477,862	\$71,234	\$18,174	\$8,042	\$94,064
(21) Industrial Measuring and Regulating Equipment	\$31,592	\$17,970	\$4,433	\$1,347	\$594	\$7,249
(22) Meter, Meter Installation and House Regulator	\$407,431	\$262,404	\$121,297	\$12,298	\$6,052	\$5,380
(23) Customer Installation Expenses	\$4,067	\$3,934	\$124	\$4	\$2	\$2
(24) Structures and Improvements Maintenance	\$2,266	\$1,289	\$318	\$97	\$43	\$520
(25) Supervision and Engineering	\$38,720	\$26,390	\$6,816	\$1,124	\$518	\$3,871
(26) Other Distribution	\$61,388	\$41,840	\$10,807	\$1,782	\$821	\$6,138
(27) Total Customer Accounts Expense	\$487,096	\$471,276	\$14,884	\$481	\$229	\$227
(28) Uncollectibles	\$152,858	\$145,215	\$7,643	\$0	\$0	\$0
(29) Total Customer Service Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(30) Total Sales Expenses	\$3,566	\$2,703	\$466	\$79	\$37	\$280
(31) Administrative and General	\$1,836,068	\$1,382,434	\$241,172	\$41,596	\$19,467	\$151,399
(32) Total Depreciation and Amortization Expense	\$1,123,421	\$739,534	\$158,663	\$37,885	\$17,557	\$169,782
(33) Other Taxes	131,090	99,391	17,148	2,889	1,353	10,308
(34) Property Taxes	206,838	135,952	29,210	6,996	3,240	31,441
(35) Utility Receipts Taxes	98,738	69,951	13,722	2,817	1,344	10,904
(36) State Income Taxes	131,889	87,371	18,625	4,411	2,058	19,424
(37) Federal Income Taxes	<u>449,143</u>	<u>295,994</u>	<u>63,501</u>	<u>15,187</u>	<u>7,075</u>	<u>67,386</u>
(38) Total Operating Expenses	<u>\$6,102,213</u>	<u>\$4,414,682</u>	<u>\$831,786</u>	<u>\$163,872</u>	<u>\$78,620</u>	<u>\$613,252</u>
(39) Net Operating Income	<u>\$1,104,364</u>	<u>\$727,798</u>	<u>\$156,137</u>	<u>\$37,342</u>	<u>\$17,396</u>	<u>\$165,691</u>
(40) Rate Base	\$11,862,124	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709
(41) Rate of Return	<u>9.31%</u>	<u>9.31%</u>	<u>9.31%</u>	<u>9.31%</u>	<u>9.31%</u>	<u>9.31%</u>

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**NORMALIZED COST OF SERVICE AT PROPOSED RATES**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-3**  
**SCHEDULE 7**  
**PAGE 4 OF 4**

	<u>TOTAL</u>	<u>Rate A (Gen. Svc.)</u>	<u>Rate B (Comm.)</u>	<u>Rate C (Indus.)</u>	<u>Rate D (Interr.)</u>	<u>Rate E (Transp.)</u>
<b>OPERATING REVENUES:</b>						
(1) Revenue from Gas Sales	\$7,020,859	\$4,974,035	\$971,739	\$200,126	\$96,016	\$778,943
(2) Miscellaneous Revenues	<u>185,718</u>	<u>168,446</u>	<u>16,183</u>	<u>1,088</u>	<u>0</u>	<u>0</u>
(3) Total Operating Revenues	<u>\$7,206,577</u>	<u>\$5,142,481</u>	<u>\$987,923</u>	<u>\$201,214</u>	<u>\$96,016</u>	<u>\$778,943</u>
<b>OPERATING EXPENSES</b>						
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0	\$0	\$0	\$0
(7) Unaccounted for Gas Costs (Sales Only)	\$95,067	\$55,309	\$25,204	\$8,477	\$6,077	\$0
(8) Total Manufactured Gas Production Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$0
(9) Total Natural Gas Production Expenses	\$18,439	\$10,728	\$4,888	\$1,644	\$1,179	\$0
(10) Total Underground Storage Expense	\$1,152	\$670	\$305	\$103	\$74	\$0
(11) Total Transmission Expenses						
(12) Mains	\$25,739	\$14,640	\$3,611	\$1,098	\$484	\$5,905
(13) Compressor Station Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0
(15) Measuring and Regulating Equipment	\$22,740	\$12,935	\$3,190	\$970	\$427	\$5,217
(16) Supervision and Engineering	\$6,078	\$3,457	\$853	\$259	\$114	\$1,394
(17) Other Transmission	\$64,657	\$36,778	\$9,072	\$2,757	\$1,215	\$14,835
(18) Total Distribution Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(19) Measuring and Regulating Equipment	\$32,795	\$18,654	\$4,601	\$1,399	\$616	\$7,524
(20) Mains and Services	\$669,376	\$477,862	\$71,234	\$18,174	\$8,042	\$94,064
(21) Industrial Measuring and Regulating Equipment	\$31,592	\$17,970	\$4,433	\$1,347	\$594	\$7,249
(22) Meter, Meter Installation and House Regulator	\$407,431	\$262,404	\$121,297	\$12,298	\$6,052	\$5,380
(23) Customer Installation Expenses	\$4,067	\$3,934	\$124	\$4	\$2	\$2
(24) Structures and Improvements Maintenance	\$2,266	\$1,289	\$318	\$97	\$43	\$520
(25) Supervision and Engineering	\$38,720	\$26,390	\$6,816	\$1,124	\$518	\$3,871
(26) Other Distribution	\$61,388	\$41,840	\$10,807	\$1,782	\$821	\$6,138
(27) Total Customer Accounts Expense	\$487,096	\$471,276	\$14,884	\$481	\$229	\$227
(28) Uncollectibles	\$152,858	\$145,215	\$7,643	\$0	\$0	\$0
(29) Total Customer Service Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(30) Total Sales Expenses	\$3,566	\$2,703	\$466	\$79	\$37	\$280
(31) Administrative and General	\$1,836,068	\$1,382,434	\$241,172	\$41,596	\$19,467	\$151,399
(32) Total Depreciation and Amortization Expense	1,123,421	739,534	158,663	37,885	17,557	169,782
(33) Other Taxes	131,090	99,391	17,148	2,889	1,353	10,308
(34) Property Taxes	206,838	135,952	29,210	6,996	3,240	31,441
(35) Utility Receipts Taxes	98,738	69,952	13,722	2,817	1,344	10,904
(36) State Income Taxes	131,889	87,371	18,625	4,411	2,058	19,424
(37) Federal Income Taxes	<u>449,143</u>	<u>295,994</u>	<u>63,501</u>	<u>15,187</u>	<u>7,075</u>	<u>67,386</u>
(38) Total Operating Expenses	<u>\$6,102,213</u>	<u>\$4,414,683</u>	<u>\$831,786</u>	<u>\$163,872</u>	<u>\$78,620</u>	<u>\$613,252</u>
(39) Net Operating Income	<u>\$1,104,364</u>	<u>\$727,798</u>	<u>\$156,137</u>	<u>\$37,342</u>	<u>\$17,396</u>	<u>\$165,691</u>
(40) Rate Base	\$11,862,124	\$7,817,380	\$1,677,086	\$401,091	\$186,858	\$1,779,709
(41) Rate of Return	<u>9.31%</u>	<u>9.31%</u>	<u>9.31%</u>	<u>9.31%</u>	<u>9.31%</u>	<u>9.31%</u>

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES**  
**AT PRESENT RATES OF RETURN**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-4  
SCHEDULE 1

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate A (Gen. Svc.)</u> (C)	<u>Rate B (Comm.)</u> (D)	<u>Rate C (Indus.)</u> (D)	<u>Rate D (Interr.)</u> (E)	<u>Rate E (Transp.)</u> (F)
<u>Operating Revenues</u>							
1	Revenues From Gas Sales	\$4,971,864	\$3,414,418	\$614,406	\$178,027	\$125,696	\$639,317
2	Miscellaneous Revenues	\$185,718	\$168,446	\$16,183	\$1,088	\$0	\$0
3	Total	<u>\$5,157,582</u>	<u>\$3,582,864</u>	<u>\$630,589</u>	<u>\$179,116</u>	<u>\$125,696</u>	<u>\$639,317</u>
<u>Operating Expenses</u>							
4	Operation and Maintenance	\$3,948,928	\$2,994,434	\$527,571	\$91,244	\$44,718	\$290,960
5	Depreciation and Amortization	1,123,421	739,534	158,663	37,885	17,557	169,782
6	Federal Income Taxes	(174,809)	(184,452)	(44,923)	9,196	16,572	28,798
7	State Income Taxes	(41,241)	(45,914)	(11,463)	2,745	4,691	8,700
8	Taxes Other Than Income Taxes	<u>408,120</u>	<u>284,096</u>	<u>55,072</u>	<u>12,333</u>	<u>6,327</u>	<u>50,292</u>
9	Total	<u>\$5,264,419</u>	<u>\$3,787,698</u>	<u>\$684,921</u>	<u>\$153,404</u>	<u>\$89,864</u>	<u>\$548,533</u>
10	Net Operating Income	<u>(\$106,837)</u>	<u>(\$204,833)</u>	<u>(\$54,332)</u>	<u>\$25,712</u>	<u>\$35,831</u>	<u>\$90,784</u>
11	Original Cost Rate Base	<u>\$11,862,124</u>	<u>\$7,817,380</u>	<u>\$1,677,086</u>	<u>\$401,091</u>	<u>\$186,858</u>	<u>\$1,779,709</u>
12	Rate of Return on Rate Base	-0.90%	-2.62%	-3.24%	6.41%	19.18%	5.10%
13	Earnings Index	100%	291%	360%	-711%	-2128%	-566%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES**  
**AT EQUALIZED RATES OF RETURN**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-4**  
**SCHEDULE 2**

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate A (Gen.</u> <u>Svc.)</u> (C)	<u>Rate B (Comm.)</u> (D)	<u>Rate C (Indus.)</u> (D)	<u>Rate D (Interr.)</u> (E)	<u>Rate E</u> <u>(Transp.)</u> (F)
<u>Operating Revenues</u>							
1	Revenues From Gas Sales	\$4,971,864	\$3,639,961	\$680,383	\$128,774	\$62,637	\$460,108
2	Miscellaneous Revenues	\$185,718	\$168,446	\$16,183	\$1,088	\$0	\$0
3	Total	<u>\$5,157,582</u>	<u>\$3,808,408</u>	<u>\$696,567</u>	<u>\$129,863</u>	<u>\$62,637</u>	<u>\$460,108</u>
<u>Operating Expenses</u>							
4	Operation and Maintenance	\$3,948,928	\$2,994,434	\$527,571	\$91,244	\$44,718	\$290,960
5	Depreciation and Amortization	1,123,421	739,534	158,663	37,885	17,557	169,782
6	Federal Income Taxes	(174,809)	(115,203)	(24,715)	(5,911)	(2,754)	(26,227)
7	State Income Taxes	(41,241)	(26,701)	(5,856)	(1,446)	(671)	(6,568)
8	Taxes Other Than Income Taxes	<u>408,120</u>	<u>286,751</u>	<u>56,008</u>	<u>11,703</u>	<u>5,470</u>	<u>48,189</u>
9	Total	<u>\$5,264,419</u>	<u>\$3,878,815</u>	<u>\$711,671</u>	<u>\$133,475</u>	<u>\$64,320</u>	<u>\$476,137</u>
10	Net Operating Income	<u>(\$106,837)</u>	<u>(\$70,408)</u>	<u>(\$15,105)</u>	<u>(\$3,612)</u>	<u>(\$1,683)</u>	<u>(\$16,029)</u>
11	Original Cost Rate Base	<u>\$11,862,124</u>	<u>\$7,817,380</u>	<u>\$1,677,086</u>	<u>\$401,091</u>	<u>\$186,858</u>	<u>\$1,779,709</u>
12	Rate of Return on Rate Base	-0.90%	-0.90%	-0.90%	-0.90%	-0.90%	-0.90%
13	Earnings Index	100%	100%	100%	100%	100%	100%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES**  
**AT EQUALIZED RATES OF RETURN**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-4  
SCHEDULE 3

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate A (Gen. Svc.)</u> (C)	<u>Rate B (Comm.)</u> (D)	<u>Rate C (Indus.)</u> (D)	<u>Rate D (Interr.)</u> (E)	<u>Rate E (Transp.)</u> (F)
<u>Operating Revenues</u>							
1	Revenues From Gas Sales	\$7,020,859	\$4,974,035	\$971,739	\$200,126	\$96,016	\$778,943
2	Miscellaneous Revenues	\$185,718	\$168,446	\$16,183	\$1,088	\$0	\$0
3	Total	<u>\$7,206,577</u>	<u>\$5,142,481</u>	<u>\$987,923</u>	<u>\$201,214</u>	<u>\$96,016</u>	<u>\$778,943</u>
<u>Operating Expenses</u>							
4	Operation and Maintenance	\$3,961,093	\$2,986,489	\$530,917	\$93,688	\$45,992	\$304,006
5	Depreciation and Amortization	1,123,421	739,534	158,663	37,885	17,557	169,782
6	Federal Income Taxes	449,143	295,994	63,501	15,187	7,075	67,386
7	State Income Taxes	131,889	87,371	18,625	4,411	2,058	19,424
8	Taxes Other Than Income Taxes	<u>436,666</u>	<u>305,294</u>	<u>60,080</u>	<u>12,702</u>	<u>5,937</u>	<u>52,653</u>
9	Total	<u>\$6,102,213</u>	<u>\$4,414,682</u>	<u>\$831,786</u>	<u>\$163,872</u>	<u>\$78,620</u>	<u>\$613,252</u>
10	Net Operating Income	<u>\$1,104,364</u>	<u>\$727,798</u>	<u>\$156,137</u>	<u>\$37,342</u>	<u>\$17,396</u>	<u>\$165,691</u>
11	Original Cost Rate Base	<u>\$11,862,124</u>	<u>\$7,817,380</u>	<u>\$1,677,086</u>	<u>\$401,091</u>	<u>\$186,858</u>	<u>\$1,779,709</u>
12	Rate of Return on Rate Base	9.31%	9.31%	9.31%	9.31%	9.31%	9.31%
13	Earnings Index	100%	100%	100%	100%	100%	100%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES**  
**AT PROPOSED RATES OF RETURN**

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-4  
SCHEDULE 4

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate A (Gen. Svc.)</u> (C)	<u>Rate B (Comm.)</u> (D)	<u>Rate C (Indus.)</u> (D)	<u>Rate D (Interr.)</u> (E)	<u>Rate E (Transp.)</u> (F)
<u>Operating Revenues</u>							
1	Revenues From Gas Sales	\$7,020,859	\$4,974,035	\$971,739	\$200,126	\$96,016	\$778,943
2	Miscellaneous Revenues	<u>\$185,718</u>	<u>\$168,446</u>	<u>\$16,183</u>	<u>\$1,088</u>	<u>\$0</u>	<u>\$0</u>
3	Total	<u>\$7,206,577</u>	<u>\$5,142,481</u>	<u>\$987,923</u>	<u>\$201,214</u>	<u>\$96,016</u>	<u>\$778,943</u>
<u>Operating Expenses</u>							
4	Operation and Maintenance	\$3,961,093	\$2,986,489	\$530,917	\$93,688	\$45,992	\$304,006
5	Depreciation and Amortization	1,123,421	739,534	158,663	37,885	17,557	169,782
6	Federal Income Taxes	449,143	295,994	63,501	15,187	7,075	67,386
7	State Income Taxes	131,889	87,371	18,625	4,411	2,058	19,424
8	Taxes Other Than Income Taxes	<u>436,667</u>	<u>305,295</u>	<u>60,080</u>	<u>12,702</u>	<u>5,937</u>	<u>52,653</u>
9	Total	<u>\$6,102,213</u>	<u>\$4,414,683</u>	<u>\$831,786</u>	<u>\$163,872</u>	<u>\$78,620</u>	<u>\$613,252</u>
10	Net Operating Income	<u>\$1,104,364</u>	<u>\$727,798</u>	<u>\$156,137</u>	<u>\$37,342</u>	<u>\$17,396</u>	<u>\$165,691</u>
11	Original Cost Rate Base	<u>\$11,862,124</u>	<u>\$7,817,380</u>	<u>\$1,677,086</u>	<u>\$401,091</u>	<u>\$186,858</u>	<u>\$1,779,709</u>
12	Rate of Return on Rate Base	9.31%	9.31%	9.31%	9.31%	9.31%	9.31%
13	Earnings Index	100%	100%	100%	100%	100%	100%

MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
COMPARISON OF PROFORMA OPERATING REVENUES AND RESULTING DOLLAR SUBSIDY  
LEVELS AT PRESENT AND PROPOSED RATES

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-5

Line No.	Rate Schedule (A)	PROFORMA REVENUES - PRESENT RATES			PROFORMA REVENUES - PROPOSED RATES				
		Revenues At Present Rates (B)	Revenues Required For Equalized Returns (C)	Present Subsidy (D)	Revenues Required For Equalized Returns (E)	Revenues At Proposed Rates (F)	Proposed Subsidy (G)	<u>Subsidy Reduction</u>	
								Amount (H)	Percentage (I)
1	Rate A (Gen. Svc.)	\$3,582,864	\$3,808,408	(\$225,543)	\$5,142,481	\$5,142,481	\$0	(\$225,543)	100.00%
2	Rate B (Comm.)	\$630,589	\$696,567	(\$65,977)	\$987,923	\$987,923	\$0	(\$65,977)	100.00%
3	Rate C (Indus.)	\$179,116	\$129,863	\$49,253	\$201,214	\$201,214	\$0	\$49,253	100.00%
4	Rate D (Interr.)	\$125,696	\$62,637	\$63,058	\$96,016	\$96,016	\$0	\$63,058	100.00%
5	Rate E (Transp.)	\$639,317	\$460,108	\$179,209	\$778,943	\$778,943	\$0	\$179,209	100.00%
6	Total	\$5,157,582	\$5,157,582	\$0	\$7,206,577	\$7,206,577	\$0	\$0	

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**COMPARISON OF GAS SALES REVENUES AT PRESENT AND PROPOSED RATES**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-6**

Line No.	Rate Schedule	Present Revenue Levels			Proposed Revenue Levels			Increase or (Decrease)	
		Margins	Gas Cost	Revenues	Margins	Gas Cost	Revenues	<u>Increase or (Decrease)</u>	
		At Present Rates	Revenues	At Present Rates	At Proposed Rates	Revenues	At Proposed Rates	Amount	Percentage
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Rate A (Gen. Svc.)	\$3,414,418	\$10,435,674	\$13,850,092	\$4,974,035	\$10,435,674	\$15,409,708	\$1,559,616	11.26%
2	Rate B (Comm.)	\$614,406	\$4,755,440	\$5,369,846	\$971,739	\$4,755,440	\$5,727,179	\$357,334	6.65%
3	Rate C (Indus.)	\$178,027	\$1,599,384	\$1,777,412	\$200,126	\$1,599,384	\$1,799,510	\$22,098	1.24%
4	Rate D (Interr.)	\$125,696	\$1,146,646	\$1,272,342	\$96,016	\$1,146,646	\$1,242,663	(\$29,680)	-2.33%
5	Rate E (Transp.)	\$639,317	\$0	\$639,317	\$778,943	\$0	\$778,943	\$139,626	21.84%
6	Total	\$4,971,864	\$17,937,145	\$22,909,009	\$7,020,859	\$17,937,145	\$24,958,003	\$2,048,995	8.94%



**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-7**

**PROPOSED TARIFF FOR  
GAS SERVICE**

MIDWEST NATURAL GAS CORPORATION

IURC NO. G-2  
SHEET NO. 1

MIDWEST NATURAL GAS CORPORATION  
107 S.E. THIRD STREET  
WASHINGTON, INDIANA 47501

GENERAL TERMS AND CONDITIONS

SCHEDULE OF RATES

FOR

NATURAL GAS SERVICE

APPLYING TO

CUSTOMERS SERVED BY THE TEXAS GAS TRANSMISSION SYSTEM IN CITIES OF SALEM, CAMPBELLSBURG, AUSTIN, CROTHERSVILLE, SCOTTSBURG, PLAINVILLE, ODON, ELNORA, HENRYVILLE, MEMPHIS, CANTON, LITTLE YORK, NEWBERRY AND UNDERWOOD, AND CONTIGUOUS TERRITORY OF THESE CITIES AND ALONG THE TRANSMISSION LINES IN ORANGE, WASHINGTON, SCOTT, JACKSON, KNOX, DAVIESS GREENE AND CLARK COUNTIES.

CUSTOMERS SERVED BY THE TEXAS EASTERN TRANSMISSION SYSTEM IN CITIES OF NORTH VERNON, VERNON, BROWNSTOWN, AND MEDORA AND CONTIGUOUS TERRITORY OF THESE CITIES AND ALONG THE TRANSMISSION LINES IN JENNINGS AND JACKSON COUNTIES.

CUSTOMERS SERVED BY THE TEXAS GAS TRANSMISSION PIPELINE IN THE TOWNS OF BLOOMFIELD, SWITZ CITY, MIDLAND, STANFORD, CINCINNATI, AND VARIOUS OTHER INCORPORATED AND UNINCORPORATED AREAS IN GREENE AND MONROE COUNTIES, INDIANA.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

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ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE**

1. APPLICATION OF RATES

(A) GENERAL

A copy of all rates, rules and regulations under which service will be supplied is posted or filed for the convenience of the public in the offices of the Company and with the Indiana Utility Regulatory Commission.

A written application for gas service on forms provided for the purpose, or properly executed contract, may be required from the customer before service will be supplied. The Company shall have the right to reject, for any valid reason, any application for service. A written application for the installation of gas fired equipment on forms provided by the Company are required from all customers and no such equipment shall be used by the customer prior to inspection of the installation by the Company.

No promises, agreements, or representation of any agent or employee of the Company shall be of binding force upon the Company unless the same shall be incorporated in the application or contract for service.

The rate schedules of the Company contemplate that service will be supplied to each separate premises as one customer.

The gas used by the same individual, entity, or corporation at different premises shall be separately measured and billed. In no case may gas be shared with another or transmitted off the premises at which it is delivered.

If service is taken on more than one meter on the same premises for the convenience of the customer, the gas registered on each meter will be billed separately. Where service is taken on more than one meter on the same premises for the convenience of the Company, the gas registered on each meter will be added and billed as one customer.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE  
(Continued)****(B) RESALE OF GAS**

Gas furnished by the Company is for the sole use of the customer and shall not be resold by him except on permission obtained from the Company. The renting of premises with the cost of gas service included in the rental as an incident of tenancy will be considered a resale of such service with payment of all rates, charges and costs incurred the responsibility of the owner of the premises.

**(C) UNUSUAL FACILITY REQUIREMENTS**

The Company reserves the right, with respect to customers with large or unusual requirements of gas, or whose establishments are remote from the Company's existing suitable facilities, to determine in the Company's sole discretion whether service shall be provided and if provided, then pursuant to a contract with the customer. Such a contract to determine the provision of necessary service facilities, duration of service, minimum bill, or other service conditions consistent with these rules, regulations, rates and charges.

**2. CHARACTER OF SERVICE**

The Company does not guarantee but will endeavor to furnish a continuous supply of gas. The Company shall not be liable for loss or damage which the customer may sustain by reason of the failure of the service whether caused by accidents, repairs, or other causes, or incurred by the use of gas or appliances or presence of the Company's property on the customer's premises. Nor shall the Company be held liable for loss or damage occurring under or by virtue to the exercise of authority or regulation by governmental, military or lawfully established civilian agencies, or due to conditions or causes beyond the Company's control.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE  
(Continued)**

**3. SERVICE CONNECTIONS**

Service connection shall be made at the Company's expense if no unusual demands or requirements are made by the customer or the customer location and if the estimated revenue from the estimated sale of gas to the customer for a three year period commencing within a reasonable period of time following installation of such service exceeds the cost of installation. Easements for the installation of facilities and the operation and maintenance of facilities shall be provided by the customer to the Company at no cost.

The Company will own and maintain all service pipes from the street main to the meter installation, even though the customer is required to contribute to the cost of the original installation. The facilities installed by the Company shall run to the location determined appropriate by the Company following discussion with the customer.

Where relocation of service connections, or of other equipment of the Company installed upon the customer's premises, becomes necessary because of the customer's requirements, the cost of all changes made necessary thereby shall be borne by the customer.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE  
(Continued)**

**4. METERS AND METERING EQUIPMENT**

The customer shall provide, free of expense to the Company and close to the point of service entrance, suitable space for the installation of the Company's metering equipment. The customer shall permit only authorized agents of the Company, or other lawfully authorized persons, to inspect, test or remove the same. If the meters or metering equipment are damaged or destroyed through the neglect of the customer, the cost of necessary repair or replacement shall be paid by the customer.

Whenever a meter fails to register the amount of gas supplied during any period, an estimated bill will be rendered based upon the use during similar periods or on other available information in accordance with the rules and regulations of the Indiana Utility Regulatory Commission.

**5. CUSTOMER'S PIPING AND UTILIZATION EQUIPMENT**

The customer shall install and maintain his piping and appliances in the condition required by the insurance and governmental authorities having jurisdiction and in a manner approved by the Company. The Company shall be under no duty to inspect the piping and equipment of the customer.

**6. ACCESS TO CUSTOMER'S PREMISES**

The Company's authorized agents shall have access to the customer's premises at all reasonable hours to install, inspect, ready, repair, or remove its meters and other property, and to inspect the appliances installed on the customer's premises.

**7. DEPOSIT REQUIRED**

The Company may require the customer to make a reasonable cash deposit with the Company as security for payment of bills, as authorized by the rules and regulations periodically promulgated or amended by the Indiana Utility Regulatory Commission

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE  
(Continued)****8. METER READING AND BILLING**

Meters will be read and bills rendered monthly. When the Company is unable to read the meter due to physical conditions, the bill for the month will be estimated on the basis of past service records or other available data. Bills rendered for gas service in months in which meters are not read shall have the same force and effect as those based on actual readings. Any customer who does not desire to receive an estimated bill may read his meter and send the readings to the Company on appropriate forms which will be provided by the Company.

**9. DISCONTINUANCE OF SERVICE-RECONNECTION CHARGE-AFTER HOURS  
RECONNECTION**

The customer is responsible for the payment of bills until service is ordered discontinued and the Company has had a reasonable time for securing a final meter reading. If a bill remains unpaid after the final date shown thereon, the Company shall then have the right to discontinue service to the delinquent customer after 14 days prior written notice as authorized by the rules and regulations periodically promulgated or amended by the Indiana Utility Regulatory Commission.

The Company may also discontinue service after 14 days prior written notice upon violation of any of the Company's rules or regulations of which these General Terms and Conditions are a part; provided, however, that where fraudulent use of gas is detected or where the Company's regulating or measuring equipment has been tampered with or where a dangerous condition is found to exist on the customer's premises, service may be shut off without notice in advance.

A charge of \$25.00 will be made for all disconnections to cover the cost of disconnection.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.



**GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE  
(Continued)**

A charge of \$25.00 will be made for reconnecting a meter for the same customer on the same premises when service has been previously discontinued for violation of the Company's rules as set forth above.\* This charge is in addition to the disconnect charge and is collected to cover the cost for reconnection.

A charge equal to the Service Charge for each month of discontinued Gas Service will also be made for re-establishing service for the same customer at the same premises where service had been discontinued at the customer's request, other than temporary interruption, during the preceding twelve months.\* This charge is in addition to the disconnect charge and the reconnect charge. The minimum Service Charge assessment under the provisions of this paragraph shall be one month's Service Charge.

\*After hours reconnection when customer demands reconnection that can only occur after 5:00 p.m. shall be charged at \$40 in lieu of \$25 reconnection charge. This will apply after customer is advised of this higher charge, demands reconnection still occur that day and where company personnel necessary to make such reconnection are available. This charge is in addition to the disconnect charge and is collected to cover the cost of after-hours reconnection.

**10. COLLECTION CHARGE**

A charge of \$25.00 will be made for collection of unpaid bills in lieu of disconnection, if Company personnel are at customer premises for purposes of disconnection of service. Company personnel will only collect on customer premises when on location to discontinue service for nonpayment.

**11. NON-SUFFICIENT FUNDS CHARGE**

A charge of \$10 plus any bank charges incurred by the Company will be made where any check is delivered by a customer to the Company and thereafter returned to the Company for insufficient funds in such account by the customers' bank. This charge shall be in addition to any and all other charges of the Company and is collected to cover the Company's cost in handling such returned check.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE  
(Continued)

12. CREDIT CARD CHARGE

Customers may use a valid Visa or MasterCard when paying for utility service or deposit. Due to processing fees charged by credit card companies for the use of credit cards, customers will be charged an additional fee of \$5.00 or 3% of the amount, whichever is greater.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE  
(Continued)**

**13. CURTAILMENT AND INTERRUPTION**

The Company shall have the right to curtail and interrupt deliveries from its system under the following conditions and in the following manner:

- A. Operating curtailment or interruption due to weather conditions or force majeure may be ordered by the Company at any time if, in the Company's opinion, it is necessary for the proper conduct of its business. Interruption or curtailment shall be upon such notice as is reasonable under the circumstances.
- B. In the event of a gas supply deficiency, curtailment may be ordered by the Company at any time when, in the opinion of the Company, the natural gas supply needed for authorized and contractual deliveries to its customers is not available without overrun, excess tax or other such penalty from the Company's pipeline suppliers. In the event of such curtailment, the Company shall give such notice of the proposed curtailment as is reasonable under the circumstances. Such gas supply deficiency curtailment shall be applied in the following order and in the following manner, to the extent practicable:
  - 1. Deliveries under Tariff D and/or Tariff E as appropriate, for Interruptible Natural Gas Service shall be first in order of curtailment.
  - 2. Deliveries under Tariff C as appropriate, for Firm Industrial Natural Gas Service shall be next in order of curtailment.
  - 3. Deliveries under Tariff B to commercial customers except schools, public buildings or human needs customers shall be next in order of curtailment.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**GENERAL TERMS AND CONDITIONS  
APPLICABLE TO ALL GAS SERVICE  
(Continued)**

4. Delivers under Tariff B to schools and public buildings (except human needs customers) referenced below shall be next in order of curtailment.
  5. Deliveries under Tariff B to human needs customers to-wit; nursing homes, convalescent homes and hospitals without emergency fuel supplies shall be at the discretion of the Company.
  6. Deliveries under Tariff A to customers under Company's General Service Rate shall be last in order of curtailment.
  7. Provided, however, where only partial curtailment is necessary in any one of the above classes or priority, the Company will endeavor to apportion the gas available for the curtailed class as equitable as possible among the customers of said class.
- C. Procedures in the event of non-compliance of paragraph A and B above shall be as follows:
1. Without regard to any other remedy provided by law or by the provisions hereof, Company shall be entitled to seek an order from the Commission or any other appropriate tribunal requiring compliance with curtailment or interruption ordered by Company in compliance with these Tariffs or any directive from any Governmental authority having jurisdiction in the premises.
  2. All volumes taken in violation of Company's curtailment or interruption orders shall constitute unauthorized excess takes, for which an adjustment may be added for each DEKATHERM of excess gas thus taken sufficient to recover all costs and expenses of the company including but not limited to attorney fees, and all costs and charges applied by the pipeline supplier.
- D. The terms and conditions contained in these Rules and Regulations shall apply notwithstanding any provisions contained in any agreement between Company and Customer. The Tariffs hereinabove referred to are those rates so designated in the Company's rate schedule as shall be on file with the Indiana Utility Regulatory Commission.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**TARIFF "A"**

**GENERAL SERVICE**

**AVAILABILITY:**

Available for general natural gas service to residential, commercial and public authority customers with installed meter sized of 415 or less. Customer must be located on Company's gas mains suitable and adequate for supplying this service. Service to residential customers shall be to single-dwelling residences that are individually metered for natural gas consumption for heating, cooling, cooking, drying, water heating, lighting and automobile fueling.

Service to commercial and public authority customers shall be to individually metered customers for natural gas consumption for heating, cooling, cooking, drying, water hearing, lighting, automobile fueling and to a multi-dwelling residential unit that is collectively metered.

This rate schedule is not available to a commercial customer that utilizes the natural gas service for an industrial process.

**RATE:**

See Tariff Sheet No. 50 and Sheet No. 51.

**MINIMUM CHARGE:**

The minimum monthly charge shall be the service charge as reflected on Tariff Sheet No. 50. Such charge includes no gas volumes.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

TARIFF "A"

GENERAL SERVICE  
(continued)

DEFERRED PAYMENT CHARGE:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

Bills shall be rendered and due monthly. If paid within 17 days from date thereof, as stated in the bill, the net amount shall be paid. If not paid within such 17 days, the gross bill, which includes the deferred payment charge, is the amount to be paid.

OTHER TERMS AND CONDITIONS:

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

TARIFF "B"

COMMERCIAL SERVICE

AVAILABILITY:

Available for natural gas service to commercial and public authority customers with installed meter sizes greater than 415. Customer must be located on Company's gas mains suitable and adequate for supplying this service. Service to commercial and public authority customers shall be to individually metered customers for natural gas consumption for heating, cooling, cooking, drying, water heating, lighting, and automobile fueling and to a multi-dwelling residential unit that is collectively metered.

This rate schedule is not available to a commercial customer that utilizes the natural gas service in an industrial process.

RATE:

See Tariff Sheet No. 50 and Sheet No. 51.

MINIMUM CHARGE:

The minimum monthly charge shall be the service charge as reflected on Sheet No. 50. Such charge includes no gas volumes.

DEFERRED PAYMENT CHARGE:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

Bills shall be rendered and due monthly. If paid within 17 days from date thereof, as stated in the bill, the net amount shall be paid. If not paid within such 17 days, the gross bill, which includes the deferred payment charge, is the amount to be paid.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

TARIFF "B"

COMMERCIAL SERVICE  
(continued)

OTHER TERMS AND CONDITIONS:

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

A written contract with a minimum term of one year may be required for establishment of service under this rate schedule.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.



TARIFF "C"

FIRM INDUSTRIAL SERVICE

AVAILABILITY:

Available for firm natural gas service to industrial customers that utilize the natural gas service for manufacturing and/or processing a product along with ancillary uses of natural gas. Customer must be located on Company's gas mains suitable and adequate for supplying this service.

RATE:

See Tariff Sheet No. 50 and Sheet No. 51.

MINIMUM CHARGE:

The minimum monthly charge shall be the service charge as reflected on Tariff Sheet No. 50. Such charge includes no gas volumes.

DEFERRED PAYMENT CHARGE:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

Bills shall be rendered and due monthly. If paid within 17 days from date thereof, as stated in the bill, the net amount shall be paid. If not paid within such 17 days, the gross bill, which includes the deferred payment charge, is the amount to be paid.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

TARIFF "C"

FIRM INDUSTRIAL SERVICE  
(continued)

OTHER TERMS AND CONDITIONS:

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

A written contract with a minimum term of one year may be required for establishment of service under this rate schedule.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

## TARIFF "D"

## INTERRUPTIBLE SERVICE

## AVAILABILITY:

Available for natural gas customers served from suppliers delivered by Texas Gas Transmission Corporation or Texas Eastern Transmission Corporation electing interruptible service. Available for natural gas service to customers that utilize natural gas for manufacturing and/or processing a product along with ancillary uses of natural gas. Customer must be located on Utility's gas main suitable and adequate for supplying this service.

## APPLICABILITY AND CHARACTER OF SERVICE - CURTAILMENTS

This schedule shall apply to all gas sold and delivered to the customer hereunder and all such gas shall be metered and billed separately from any other class of service rendered to the customer by the Company. No burner, apparatus, appliances or equipment supplied with gas under the terms of any other gas supply arrangement with the Company shall be piped or connected in a manner which will permit the customer to operate from the gas delivered under this schedule, and no burners, apparatus, appliances or equipment to be supplied with gas delivered under this schedule shall be piped or connected in a manner which will permit the customer to operate from gas delivered under any other gas supply arrangement with the Company.

Gas delivered hereunder shall be natural gas of approximately 1000 BTU content per cubic foot.

With respect to all service rendered hereunder, in the event of a diminution for any reason whatsoever (including, but not limited to, the demands of its customers served under any other rate schedule of the Company or the inability of the Company to obtain further gas from its supplier without penalty charges) of the Company's available supply of gas to meet the requirements of its customers purchasing gas under any other rate schedule of the Company, all customers purchasing gas under this schedule shall, upon receipt of notice from the Company of such diminution, curtail their use of gas hereunder to such extent and during such periods as the Company may require in order to enable the Company to give gas service priority to such other customers purchasing gas on a firm basis.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**TARIFF "D"**  
**INTERRUPTIBLE SERVICE**  
**(Continued)**

**METERING - INSPECTION:**

For billing purposes, where gas is metered at low pressure (inches of water column) a cubic foot of gas shall be taken to be the amount of gas in a volume of one cubic foot under the conditions existing in the customer's meter as and where installed. Where gas is metered at higher pressures (psig), the volume of gas measured shall be corrected to correspond to a saturated gas of standard conditions at any absolute pressure of 30 inches of ice-cold mercury and at a temperature of 60 degrees Fahrenheit.

The properly authorized agents of the Company shall at all reasonable hours have free access to the premises of the customer for the purpose of inspecting the customer's gas appliances and of reading, examining, repairing or removing the Company's meters or other property and for determining the extent of compliance with the terms of this schedule.

**CONTRACT TERM:**

Each Service Contract shall be for a term of one (1) year and shall specify the period during such year when service shall be furnished thereunder; provided, however, that in cases where the Company is required to make a substantial special investment in facilities to furnish the service requested or where the customer desires a longer term contract, the initial term shall be for such period as the parties shall agree upon. Each Service Contract shall continue in effect thereafter for successive terms of one (1) year each unless written notice of intention to terminate is given by either party to the other at least sixty (60) days before the end of the term.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**TARIFF "D"**  
**INTERRUPTIBLE SERVICE**  
(Continued)**RESERVED RIGHT TO LIMIT ADDITIONAL CONTRACTS:**

This rate schedule is predicated on the availability to the Company of a sufficient natural gas supply to enable service hereunder to be made available during a major portion of each year without impairment of service to other customers. The Company, therefore, reserves the right to decline acceptance of any additional contracts for service hereunder at such a time as in the Company's judgment, the volume of service currently under contract equals the gas supply available for this class of service.

**RATE:**

See Tariff Sheet No. 50 and Sheet No. 51.

**DEFERRED PAYMENT CHARGE:**

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

Bills shall be rendered and due monthly. If paid within 17 days from date thereof, as stated in the bill, the net amount shall be paid. If not paid within such 17 days, the gross bill, which includes the deferred payment charge, is the amount to be paid.

**OTHER TERMS AND CONDITIONS:**

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**TARIFF "E"**

**TRANSPORTATION SERVICE**

**AVAILABILITY:**

- (1) To customers served with average annual Gas Requirements of 100 DTH per day or more at a single location.
- (2) Available to applicable customers who, by written contract with the Utility, agree to acquire natural gas, obtain all necessary state and federal regulatory approval and arrange to have such gas delivered by the Utility's pipeline supplier to a delivery point on the Utility's system for transportation and delivery to the customer's premises.
- (3) All transportation service rendered by the Utility shall be subject to curtailment or complete interruption whenever, in the sole judgment of the Utility, it is necessary or desirable, and as provided in contract hereinafter referred to.
- (4) The Utility, with the written consent of the customer, may execute an agreement with the Utility's pipeline supplier, as agent of the customer, for transportation of gas for the customer.

**CONTRACT FOR TRANSPORTATION SERVICE:**

The customer requesting transportation service by the Utility shall enter into a written contract with the Utility, which said contract shall provide for quantities of gas to be transported, penalties, the term thereof and other conditions of service agreed upon between customer and the Utility. Each such contract shall provide further that Utility will be held harmless by the customer against any increases in its monthly demand charges and any overrun quantity charges or penalties by reason of any failure or refusal of customer to curtail quantities of transport gas after timely curtailment requests pursuant to the Company's General Terms and Conditions.

**QUALITY OF GAS:**

The gas transported shall be the same quality as the Company's pipeline supplier is required to furnish to the Company.

**RATE:**

See Sheet No. 54.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

## TARIFF "E"

## TRANSPORTATION SERVICE

(Continued)

## OTHER CHARGES AND CONDITIONS OF SERVICE:

To compensate for unaccounted for gas, the quantity of gas available to Customer shall be equal to the quantity of gas delivered to Company's distribution system at the point of receipt for the account of Customer, reduced by an Unaccounted For Gas Percentage of 0.53%.

In any billing month in which the Utility receives customer-transported gas for a customer's account, the customer shall be billed for all gas delivered through the customer's meter during such month under this rate schedule.

When a customer takes transportation service under this rate schedule, his billing cycle will be adjusted to a calendar month basis, with meters read on the first day of each month. Normally, a customer will receive a credit for his gas on the first bill issued after the Utility receives a bill from its pipeline supplier which contains a credit for the customer's gas delivered to the Company's system during the month. However, if at the time customer's bill is prepared, the Company has not received a bill from the pipeline showing a credit for customer-owned gas, a credit will be given if the Company can determine transported volumes by telephone data from the pipeline. Any discrepancies will be made on a revised or subsequent bill to the customer.

In the event quantities of gas received by the Company on behalf of the customer are found to be less than the quantity of gas actually used by the customer, the customer agrees to pay for that quantity of gas at the applicable Tariff under which the customer is provided gas service.

Such gas service under this rate schedule is subject to physical constraints of the Company's system and the General Terms and Conditions.

## EXCESS VOLUMES OF CUSTOMER-OWNED GAS:

Receipts of natural gas by the Utility that are in excess of quantities delivered to customer will be cashed out monthly. No "banking" of gas will be permitted. Cash-out volumes will be priced according to the customer transportation agreement referred to on Sheet No. 29.

Deliveries of natural gas by the Utility that are in excess of quantities received for customer will be billed to the customer at the current tariff rates in effect for the month of delivery.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**TARIFF "E"**

**TRANSPORTATION SERVICE**

(Continued)

It is the customer's responsibility to not purchase more gas than needed. No interest will be paid to the customer for any excess received by the Utility.

**BEST EFFORTS BASIS:**

Such gas service under this Tariff is hereby provided on a Best Efforts Basis by the Utility and is subject to physical constraints of the Utility's system.

**DEFERRED PAYMENT CHARGE:**

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

Bills shall be rendered and due monthly. If paid within 17 days from date thereof, as stated in the bill, the net amount shall be paid. If not paid within such 17 days, the gross bill, which includes the deferred payment charge, is the amount to be paid.

**OTHER TERMS AND CONDITIONS:**

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.



## TARIFF "STS"

## SCHOOL TRANSPORTATION SERVICE

## AVAILABILITY:

- (1) Available to Customers with a public School Corporation ("School Corporation Customer") serving students in grades K through 12 who, by written contract with the Utility, agree to acquire natural gas, obtain all necessary state and federal regulatory approval and arrange to have such gas delivered by the Utility's pipeline supplier to a delivery point on the Utility's system for transportation and delivery to the customer's premises.
- (2) Multiple School Corporation Customers may elect to act jointly to aggregate purchases of natural gas commodity supply from any available natural gas commodity seller for all schools included in the aggregated purchases. Notwithstanding the aggregation of natural gas commodity supply or the use of Summary Billing, each School Corporation Customer shall individually be subject to and pay the applicable rates and charges pursuant to this Rate Schedule.
- (3) All transportation service rendered by the Utility shall be subject to curtailment or complete interruption whenever, in the sole judgment of the Utility, it is necessary or desirable, and as provided in contract hereinafter referred to.
- (4) The Utility, with the written consent of the customer, may execute an agreement with the Utility's pipeline supplier, as agent of the customer, for transportation of gas for the customer.

## CONTRACT FOR TRANSPORTATION SERVICE:

The customer requesting transportation service by the Utility shall enter into a written contract with the Utility, which said contract shall provide for quantities of gas to be transported, penalties, the term thereof and other conditions of service agreed upon between customer and the Utility. Each such contract shall provide further that Utility will be held harmless by the customer against any increases in its monthly demand charges and any overrun quantity charges or penalties by reason of any failure or refusal of customer to curtail quantities of transport gas after timely curtailment requests pursuant to the Company's General Terms and Conditions.

## QUALITY OF GAS:

The gas transported shall be the same quality as the Company's pipeline supplier is required to furnish to the Company.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

## TARIFF "STS"

## SCHOOL TRANSPORTATION SERVICE

(Continued)

## RATE:

School Corporation Customers with installed meter sizes of 415 or less shall pay the applicable Rate A-General Service base rates and charges (i.e. excluding the gas cost adjustment factor). School Corporation Customers with installed meter sizes greater than 415 shall pay the applicable Rate B-Commercial Service base rates and charges (i.e. excluding the gas cost adjustment factor).

## SUMMARY BILLING

Upon request from a School Corporation, the rates and charges for providing services to each School Corporation Customer in the School Corporation shall be summarized on one summary bill for remitting payment to the utility. Each School Corporation Customer shall remain responsible for the amount of its bill. The School Corporation shall designate how partial bills, late payment charges, nomination and balancing charges, and other similar charges shall be prorated between each School Corporation Customer. If the School Corporation does not so designate, Company shall prorate such charges between the School Corporation accounts using its reasonable discretion.

## OTHER CHARGES AND CONDITIONS OF SERVICE:

To compensate for unaccounted for gas, the quantity of gas available to Customer shall be equal to the quantity of gas delivered to Company's distribution system at the point of receipt for the account of Customer, reduced by an Unaccounted For Gas Percentage of 0.53%.

In any billing month in which the Utility receives customer-transported gas for a customer's account, the customer shall be billed for all gas delivered through the customer's meter during such month under this rate schedule.

When a customer takes transportation service under this rate schedule, his billing cycle will be adjusted to a calendar month basis, with meters read on the first day of each month. Normally, a customer will receive a credit for his gas on the first bill issued after the Utility receives a bill from its pipeline supplier which contains a credit for the customer's gas delivered to the Company's system during the month. However, if at the time customer's bill is prepared, the Company has not received a bill from the pipeline showing a credit for customer-owned gas, a credit will be given if the Company can determine transported volumes by telephone data from the pipeline. Any discrepancies will be made on a revised or subsequent bill to the customer.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

## TARIFF "STS"

## SCHOOL TRANSPORTATION SERVICE

(Continued)

## OTHER CHARGES AND CONDITIONS OF SERVICE (CONT'D.):

In the event quantities of gas received by the Company on behalf of the customer are found to be less than the quantity of gas actually used by the customer, the customer agrees to pay for that quantity of gas at the applicable Tariff under which the customer is provided gas service.

Such gas service under this rate schedule is subject to physical constraints of the Company's system and the General Terms and Conditions.

## EXCESS VOLUMES OF CUSTOMER-OWNED GAS:

Receipts of natural gas by the Utility that are in excess of quantities delivered to customer will be cashed out monthly. No "banking" of gas will be permitted. Cash-out volumes will be priced according to the customer transportation agreement referred to on Sheet No. 29.

Deliveries of natural gas by the Utility that are in excess of quantities received for customer will be billed to the customer at the current tariff rates in effect for the month of delivery.

It is the customer's responsibility to not purchase more gas than needed. No interest will be paid to the customer for any excess received by the Utility.

## BEST EFFORTS BASIS:

Such gas service under this Tariff is hereby provided on a Best Efforts Basis by the Utility and is subject to physical constraints of the Utility's system.

## DEFERRED PAYMENT CHARGE:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

Bills shall be rendered and due monthly. If paid within 17 days from date thereof, as stated in the bill, the net amount shall be paid. If not paid within such 17 days, the gross bill, which includes the deferred payment charge, is the amount to be paid.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

TARIFF "STS"

SCHOOL TRANSPORTATION SERVICE  
(Continued)

OTHER TERMS AND CONDITIONS:

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

## BASE RATES AND CHARGES

## TARIFF A \*

SERVICE CHARGE	\$11.00
FIRST 50 THERMS	\$0.36509/therm
NEXT 50 THERMS	\$0.30119/therm
ALL USE OVER 100 THERMS	\$0.25552/therm

## TARIFF B \*

SERVICE CHARGE	\$22.00
FIRST 500 THERMS	\$0.27232/therm
NEXT 500 THERMS	\$0.19670/therm
ALL USE OVER 1000 THERMS	\$0.14653/therm

## TARIFF C \*

SERVICE CHARGE	\$130.00
FIRST 3000 THERMS	\$0.14410/therm
ALL USE OVER 3000 THERMS	\$0.10832/therm

## TARIFF D \*

SERVICE CHARGE	\$350.00
ALL THERMS	\$0.06247/therm

## TARIFF E

SERVICE CHARGE	\$350.00
FIRST 200,000 THERMS	\$0.06989/therm
ALL OVER 200,000 THERMS	\$0.05347/therm

(\*) Above rates are subject to a gas cost adjustment factor in accordance with the Indiana Utility Regulatory Commission, Cause No. 37091 approved April 27, 1983. This gas cost adjustment factor currently in effect and applicable hereto with effective dates is found on Sheet No. 51 of these tariffs.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**RATE TRACKING FACTOR ADJUSTMENT**

The Gas Cost Adjustment Factor is as approved by Cause No. 37440 GCA-\_\_ or as amended.

**CURRENT TRACKING FACTOR**

TARIFF A	\$0.0000/dth
TARIFF B	\$0.0000/dth
TARIFF C	\$0.0000/dth
TARIFF D	\$0.0000/dth

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

BASE RATE COST OF GAS

The base rate cost of gas utilized in the calculation of the Gas Cost Adjustment rates specified on Sheet No. 51 and in accordance with the Order of the Indiana Utility Regulatory Commission in Cause No. 43229 is as follows:

<u>Gas Rate</u>	<u>Base Rate Cost of Gas</u>
TARIFF A	\$0.00000/therm
TARIFF B	\$0.00000/therm
TARIFF C	\$0.00000/therm
TARIFF D	\$0.00000/therm

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**NORMAL TEMPERATURE ADJUSTMENT**

The billed amount for each Rate A and Rate B Customer shall be subject to a Normal Temperature Adjustment (NTA) for each bill rendered during the billing months of October through April inclusive.

The NTA adjusts each Customer's monthly billed amount to reverse the impact on margin recovery caused by non-normal temperatures during the billing period, as measured by actual heating degree day variations from normal heating degree days.

**NTA COMPUTATION**

The NTA for each Customer's monthly billing shall be computed as follows:

$$\text{NTA} = \text{NTA Therms} \times \text{NTA Margin}$$

**NTA THERMS**

The NTA Therms usage for each Customer to which the NTA Margin shall be applied is computed as follows:

$$\text{NTA Therms} = \frac{[\text{Actual Usage} - \text{Base Load Usage}] \times [\text{Normal Degree Days} - \text{Actual Degree Days}]}{\text{Actual Degree Days}}$$

**NTA MARGIN**

The NTA Margin shall be the margin (non-gas cost) component of the tail block rate (Base Rate Less Base Rate Cost of Gas) for the applicable Rate Schedule.

**BASE LOAD THERMS**

Base Load Therms shall be Customer's average daily therms usage for the previous summer months (months of July and August) multiplied by the number of days in the billing period.

For Customers whose Base Load Usage cannot be accurately determined (e.g., new Customers without two months of summer usage history), an estimated Average Daily Therms shall be used.

**NORMAL AND ACTUAL DEGREE DAYS**

Normal Degree Days for each Customer's billing period shall be as set forth in the tables on the following pages.

Actual Degree Days for each Customer's billing period shall be taken from the actual heating degree days reported each day by the National Weather Service.

Normal Degree Days and Actual Degree Days are based on a weighted average of 75 percent Louisville Heating Degree Days and 25 percent Indianapolis Heating Degree Days.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.



**NORMAL TEMPERATURE ADJUSTMENT**  
**NORMAL DEGREE DAYS (NDD)**  
**NON-LEAP YEAR**

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	7.75	Dec 4	25.25	Jan 25	33.75	Mar 18	19	May 9	4.5
Jul 2	0	Aug 23	0	Oct 14	7.75	Dec 5	25.25	Jan 26	33.5	Mar 19	18.3	May 10	4.5
Jul 3	0	Aug 24	0	Oct 15	7.75	Dec 6	25.5	Jan 27	33.5	Mar 20	18.3	May 11	3.5
Jul 4	0	Aug 25	0	Oct 16	8.75	Dec 7	26.25	Jan 28	33.5	Mar 21	18	May 12	3.5
Jul 5	0	Aug 26	0	Oct 17	8.75	Dec 8	26.5	Jan 29	33.5	Mar 22	17.3	May 13	3.5
Jul 6	0	Aug 27	0	Oct 18	8.75	Dec 9	26.5	Jan 30	32.75	Mar 23	17.3	May 14	3.5
Jul 7	0	Aug 28	0.25	Oct 19	9.75	Dec 10	27.25	Jan 31	32.75	Mar 24	17	May 15	3.5
Jul 8	0	Aug 29	0.25	Oct 20	9.75	Dec 11	27.5	Feb 1	32.75	Mar 25	16.3	May 16	3.25
Jul 9	0	Aug 30	0.25	Oct 21	9.75	Dec 12	27.5	Feb 2	32.75	Mar 26	16.3	May 17	2.5
Jul 10	0	Aug 31	0.25	Oct 22	10	Dec 13	27.5	Feb 3	32.5	Mar 27	16	May 18	2.5
Jul 11	0	Sep 1	0.25	Oct 23	10.8	Dec 14	28.25	Feb 4	32.5	Mar 28	15.3	May 19	2.5
Jul 12	0	Sep 2	0.25	Oct 24	11	Dec 15	28.5	Feb 5	31.75	Mar 29	15.3	May 20	2.25
Jul 13	0	Sep 3	0.25	Oct 25	11	Dec 16	28.5	Feb 6	31.75	Mar 30	15	May 21	2.25
Jul 14	0.25	Sep 4	0.25	Oct 26	11.8	Dec 17	28.5	Feb 7	31.5	Mar 31	15	May 22	2.25
Jul 15	0.25	Sep 5	0.25	Oct 27	12	Dec 18	29.5	Feb 8	31.5	Apr 1	14.3	May 23	2.25
Jul 16	0	Sep 6	0.25	Oct 28	12	Dec 19	29.5	Feb 9	30.75	Apr 2	14	May 24	1.5
Jul 17	0	Sep 7	0.25	Oct 29	12.8	Dec 20	29.5	Feb 10	30.75	Apr 3	14	May 25	1.5
Jul 18	0	Sep 8	0.25	Oct 30	13	Dec 21	29.75	Feb 11	30.5	Apr 4	13.3	May 26	1.25
Jul 19	0	Sep 9	0.25	Oct 31	13	Dec 22	30.5	Feb 12	30.5	Apr 5	13	May 27	1.25
Jul 20	0	Sep 10	0.25	Nov 1	13.8	Dec 23	30.5	Feb 13	29.75	Apr 6	13	May 28	1.25
Jul 21	0	Sep 11	1.25	Nov 2	14	Dec 24	30.5	Feb 14	29.75	Apr 7	13	May 29	1.25
Jul 22	0	Sep 12	1.25	Nov 3	14	Dec 25	30.75	Feb 15	29.5	Apr 8	12	May 30	1.25
Jul 23	0	Sep 13	1.25	Nov 4	15	Dec 26	31.5	Feb 16	29.5	Apr 9	12	May 31	1.25
Jul 24	0	Sep 14	1.25	Nov 5	15	Dec 27	31.5	Feb 17	28.75	Apr 10	12	Jun 1	1.25
Jul 25	0	Sep 15	1.25	Nov 6	15	Dec 28	31.5	Feb 18	28.5	Apr 11	11.3	Jun 2	1.25
Jul 26	0	Sep 16	1.25	Nov 7	16	Dec 29	31.75	Feb 19	28.5	Apr 12	11	Jun 3	1
Jul 27	0	Sep 17	1.25	Nov 8	16	Dec 30	32.5	Feb 20	27.75	Apr 13	11	Jun 4	1
Jul 28	0	Sep 18	1.5	Nov 9	16	Dec 31	32.5	Feb 21	27.5	Apr 14	11	Jun 5	1
Jul 29	0	Sep 19	1.5	Nov 10	17	Jan 1	32.5	Feb 22	27.5	Apr 15	10	Jun 6	1
Jul 30	0	Sep 20	2.25	Nov 11	17	Jan 2	32.5	Feb 23	27.5	Apr 16	10	Jun 7	0.25
Jul 31	0	Sep 21	2.25	Nov 12	17.3	Jan 3	32.75	Feb 24	26.5	Apr 17	10	Jun 8	0.25
Aug 1	0	Sep 22	2.5	Nov 13	18	Jan 4	33.5	Feb 25	26.5	Apr 18	9.75	Jun 9	0.25
Aug 2	0	Sep 23	2.5	Nov 14	18	Jan 5	33.5	Feb 26	25.5	Apr 19	9	Jun 10	0.25
Aug 3	0.75	Sep 24	2.5	Nov 15	18.3	Jan 6	33.5	Feb 27	25.5	Apr 20	9	Jun 11	0.25
Aug 4	0	Sep 25	2.5	Nov 16	19	Jan 7	33.5	Feb 28	25.5	Apr 21	8.75	Jun 12	0.25
Aug 5	0	Sep 26	3.25	Nov 17	19.3	Jan 8	33.5	Mar 1	24.5	Apr 22	8.75	Jun 13	0.25
Aug 6	0	Sep 27	3.5	Nov 18	19.3	Jan 9	33.5	Mar 2	24.5	Apr 23	8	Jun 14	0.25
Aug 7	0	Sep 28	3.5	Nov 19	20	Jan 10	33.75	Mar 3	24.25	Apr 24	7.75	Jun 15	0
Aug 8	0	Sep 29	3.5	Nov 20	20.3	Jan 11	33.75	Mar 4	23.5	Apr 25	7.75	Jun 16	0
Aug 9	0	Sep 30	3.75	Nov 21	21	Jan 12	33.75	Mar 5	23.5	Apr 26	7.75	Jun 17	0
Aug 10	0	Oct 1	4.5	Nov 22	21	Jan 13	33.75	Mar 6	23.25	Apr 27	7	Jun 18	0
Aug 11	0	Oct 2	4.5	Nov 23	21.3	Jan 14	33.75	Mar 7	22.5	Apr 28	6.75	Jun 19	0
Aug 12	0	Oct 3	4.75	Nov 24	22	Jan 15	34.5	Mar 8	22.25	Apr 29	6.75	Jun 20	0
Aug 13	0	Oct 4	4.75	Nov 25	22.3	Jan 16	34.5	Mar 9	22.25	Apr 30	6.75	Jun 21	0
Aug 14	0	Oct 5	5.5	Nov 26	22.3	Jan 17	34.5	Mar 10	21.5	May 1	5.75	Jun 22	0
Aug 15	0	Oct 6	5.5	Nov 27	22.3	Jan 18	34.5	Mar 11	21.25	May 2	5.75	Jun 23	0
Aug 16	0	Oct 7	5.75	Nov 28	23.3	Jan 19	34.5	Mar 12	21.25	May 3	5.75	Jun 24	0
Aug 17	0	Oct 8	5.75	Nov 29	23.3	Jan 20	33.75	Mar 13	20.25	May 4	5.5	Jun 25	0
Aug 18	0	Oct 9	6.5	Nov 30	23.5	Jan 21	33.75	Mar 14	20.25	May 5	4.75	Jun 26	0
Aug 19	0	Oct 10	6.75	Dec 1	24.3	Jan 22	33.75	Mar 15	20.25	May 6	4.75	Jun 27	0
Aug 20	0	Oct 11	6.75	Dec 2	24.3	Jan 23	33.75	Mar 16	19.25	May 7	4.75	Jun 28	0
Aug 21	0	Oct 12	6.75	Dec 3	24.5	Jan 24	33.75	Mar 17	19.25	May 8	4.5	Jun 29	0
												Jun 30	0

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**NORMAL TEMPERATURE ADJUSTMENT**  
**NORMAL DEGREE DAYS (NDD)**  
**LEAP YEAR**

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	7.75	Dec 4	25.25	Jan 25	33.75	Mar 17	19
Jul 2	0	Aug 23	0	Oct 14	7.75	Dec 5	25.25	Jan 26	33.5	Mar 18	18.3
Jul 3	0	Aug 24	0	Oct 15	7.75	Dec 6	25.5	Jan 27	33.5	Mar 19	18.3
Jul 4	0	Aug 25	0	Oct 16	8.75	Dec 7	26.25	Jan 28	33.5	Mar 20	18
Jul 5	0	Aug 26	0	Oct 17	8.75	Dec 8	26.5	Jan 29	33.5	Mar 21	17.3
Jul 6	0	Aug 27	0	Oct 18	8.75	Dec 9	26.5	Jan 30	32.75	Mar 22	17.3
Jul 7	0	Aug 28	0.25	Oct 19	9.75	Dec 10	27.25	Jan 31	32.75	Mar 23	17
Jul 8	0	Aug 29	0.25	Oct 20	9.75	Dec 11	27.5	Feb 1	32.75	Mar 24	16.3
Jul 9	0	Aug 30	0.25	Oct 21	9.75	Dec 12	27.5	Feb 2	32.75	Mar 25	16.3
Jul 10	0	Aug 31	0.25	Oct 22	10	Dec 13	27.5	Feb 3	32.5	Mar 26	16
Jul 11	0	Sep 1	0.25	Oct 23	10.8	Dec 14	28.25	Feb 4	32.5	Mar 27	15.3
Jul 12	0	Sep 2	0.25	Oct 24	11	Dec 15	28.5	Feb 5	31.75	Mar 28	15.3
Jul 13	0	Sep 3	0.25	Oct 25	11	Dec 16	28.5	Feb 6	31.75	Mar 29	15
Jul 14	0.25	Sep 4	0.25	Oct 26	11.8	Dec 17	28.5	Feb 7	31.5	Mar 30	15
Jul 15	0.25	Sep 5	0.25	Oct 27	12	Dec 18	29.5	Feb 8	31.5	Mar 31	14.3
Jul 16	0	Sep 6	0.25	Oct 28	12	Dec 19	29.5	Feb 9	30.75	Apr 1	14
Jul 17	0	Sep 7	0.25	Oct 29	12.8	Dec 20	29.5	Feb 10	30.75	Apr 2	14
Jul 18	0	Sep 8	0.25	Oct 30	13	Dec 21	29.75	Feb 11	30.5	Apr 3	13.3
Jul 19	0	Sep 9	0.25	Oct 31	13	Dec 22	30.5	Feb 12	30.5	Apr 4	13
Jul 20	0	Sep 10	0.25	Nov 1	13.8	Dec 23	30.5	Feb 13	29.75	Apr 5	13
Jul 21	0	Sep 11	1.25	Nov 2	14	Dec 24	30.5	Feb 14	29.75	Apr 6	13
Jul 22	0	Sep 12	1.25	Nov 3	14	Dec 25	30.75	Feb 15	29.5	Apr 7	12
Jul 23	0	Sep 13	1.25	Nov 4	15	Dec 26	31.5	Feb 16	29.5	Apr 8	12
Jul 24	0	Sep 14	1.25	Nov 5	15	Dec 27	31.5	Feb 17	28.75	Apr 9	12
Jul 25	0	Sep 15	1.25	Nov 6	15	Dec 28	31.5	Feb 18	28.5	Apr 10	11.3
Jul 26	0	Sep 16	1.25	Nov 7	16	Dec 29	31.75	Feb 19	28.5	Apr 11	11
Jul 27	0	Sep 17	1.25	Nov 8	16	Dec 30	32.5	Feb 20	27.75	Apr 12	11
Jul 28	0	Sep 18	1.5	Nov 9	16	Dec 31	32.5	Feb 21	27.5	Apr 13	11
Jul 29	0	Sep 19	1.5	Nov 10	17	Jan 1	32.5	Feb 22	27.5	Apr 14	10
Jul 30	0	Sep 20	2.25	Nov 11	17	Jan 2	32.5	Feb 23	27.5	Apr 15	10
Jul 31	0	Sep 21	2.25	Nov 12	17.3	Jan 3	32.75	Feb 24	26.5	Apr 16	10
Aug 1	0	Sep 22	2.5	Nov 13	18	Jan 4	33.5	Feb 25	26.5	Apr 17	9.75
Aug 2	0	Sep 23	2.5	Nov 14	18	Jan 5	33.5	Feb 26	25.5	Apr 18	9
Aug 3	0.75	Sep 24	2.5	Nov 15	18.3	Jan 6	33.5	Feb 27	25.5	Apr 19	9
Aug 4	0	Sep 25	2.5	Nov 16	19	Jan 7	33.5	Feb 28	25.5	Apr 20	8.75
Aug 5	0	Sep 26	3.25	Nov 17	19.3	Jan 8	33.5	Feb 29	24.5	Apr 21	8.75
Aug 6	0	Sep 27	3.5	Nov 18	19.3	Jan 9	33.5	Mar 1	24.5	Apr 22	8
Aug 7	0	Sep 28	3.5	Nov 19	20	Jan 10	33.75	Mar 2	24.25	Apr 23	7.75
Aug 8	0	Sep 29	3.5	Nov 20	20.3	Jan 11	33.75	Mar 3	23.5	Apr 24	7.75
Aug 9	0	Sep 30	3.75	Nov 21	21	Jan 12	33.75	Mar 4	23.5	Apr 25	7.75
Aug 10	0	Oct 1	4.5	Nov 22	21	Jan 13	33.75	Mar 5	23.25	Apr 26	7
Aug 11	0	Oct 2	4.5	Nov 23	21.3	Jan 14	33.75	Mar 6	22.5	Apr 27	6.75
Aug 12	0	Oct 3	4.75	Nov 24	22	Jan 15	34.5	Mar 7	22.25	Apr 28	6.75
Aug 13	0	Oct 4	4.75	Nov 25	22.3	Jan 16	34.5	Mar 8	22.25	Apr 29	6.75
Aug 14	0	Oct 5	5.5	Nov 26	22.3	Jan 17	34.5	Mar 9	21.5	Apr 30	5.75
Aug 15	0	Oct 6	5.5	Nov 27	22.3	Jan 18	34.5	Mar 10	21.25	May 1	5.75
Aug 16	0	Oct 7	5.75	Nov 28	23.3	Jan 19	34.5	Mar 11	21.25	May 2	5.75
Aug 17	0	Oct 8	5.75	Nov 29	23.3	Jan 20	33.75	Mar 12	20.25	May 3	5.5
Aug 18	0	Oct 9	6.5	Nov 30	23.5	Jan 21	33.75	Mar 13	20.25	May 4	4.75
Aug 19	0	Oct 10	6.75	Dec 1	24.3	Jan 22	33.75	Mar 14	20.25	May 5	4.75
Aug 20	0	Oct 11	6.75	Dec 2	24.3	Jan 23	33.75	Mar 15	19.25	May 6	4.75
Aug 21	0	Oct 12	6.75	Dec 3	24.5	Jan 24	33.75	Mar 16	19.25	May 7	4.5
										Jun 8	4.5
										May 9	4.5
										May 10	3.5
										May 11	3.5
										May 12	3.5
										May 13	3.5
										May 14	3.5
										May 15	3.25
										May 16	2.5
										May 17	2.5
										May 18	2.5
										May 19	2.25
										May 20	2.25
										May 21	2.25
										May 22	2.25
										May 23	1.5
										May 24	1.5
										May 25	1.25
										May 26	1.25
										May 27	1.25
										May 28	1.25
										May 29	1.25
										May 30	1.25
										May 31	1.25
										Jun 1	1.25
										Jun 2	1
										Jun 3	1
										Jun 4	1
										Jun 5	1
										Jun 6	0.25
										Jun 7	0.25
										Jun 8	0.25
										Jun 9	0.25
										Jun 10	0.25
										Jun 11	0.25
										Jun 12	0.25
										Jun 13	0.25
										Jun 14	0
										Jun 15	0
										Jun 16	0
										Jun 17	0
										Jun 18	0
										Jun 19	0
										Jun 20	0
										Jun 21	0
										Jun 22	0
										Jun 23	0
										Jun 24	0
										Jun 25	0
										Jun 26	0
										Jun 27	0
										Jun 28	0
										Jun 29	0
										Jun 30	0

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 43229, \_\_\_\_\_.

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**TYPICAL BILL COMPARISON**  
**Rate A (General Service)**  
**Current Rates: Rate A (Midwest)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8**  
**SCHEDULE 1**

LINE NO.	<u>LEVEL OF USAGE</u>	<u>CURRENT BILL</u>	<u>PROPOSED BILL</u>	<u>DOLLAR INCREASE (C - B)</u>	<u>PERCENT INCREASE (D / B)</u>
	(A)	(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$8.00	\$11.00	\$3.00	37.50%
2	10	\$20.91	\$25.31	\$4.41	21.09%
3	20	\$33.81	\$39.63	\$5.82	17.20%
4	30	\$46.72	\$53.94	\$7.22	15.46%
5	40	\$59.62	\$68.26	\$8.63	14.48%
6	50	\$72.53	\$82.57	\$10.04	13.84%
7	100	\$135.37	\$150.95	\$15.57	11.51%
8	150	\$196.70	\$217.04	\$20.34	10.34%
9	200	\$258.03	\$283.13	\$25.10	9.73%
10	250	\$319.36	\$349.22	\$29.86	9.35%
11	300	\$380.69	\$415.31	\$34.62	9.09%
12	350	\$442.02	\$481.40	\$39.38	8.91%
13	400	\$503.35	\$547.50	\$44.14	8.77%
14	450	\$564.68	\$613.59	\$48.90	8.66%
15	500	\$626.01	\$679.68	\$53.67	8.57%
16	600	\$748.67	\$811.86	\$63.19	8.44%
17	700	\$871.34	\$944.05	\$72.71	8.35%
18	800	\$994.00	\$1,076.23	\$82.23	8.27%
19	900	\$1,116.66	\$1,208.41	\$91.76	8.22%
20	1,000	\$1,239.32	\$1,340.60	\$101.28	8.17%
21	1,200	\$1,484.64	\$1,604.96	\$120.33	8.11%
22	1,400	\$1,729.96	\$1,869.33	\$139.37	8.06%
23	1,600	\$1,975.28	\$2,133.70	\$158.42	8.02%
24	1,800	\$2,220.60	\$2,398.06	\$177.46	7.99%
25	2,000	\$2,465.92	\$2,662.43	\$196.51	7.97%

**MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
TYPICAL BILL COMPARISON  
BILL IMPACTS FOR AVERAGE RESIDENTIAL CUSTOMER  
CURRENT RATES: RATE A**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8  
SCHEDULE 2**

<u>Month</u>	<u>Usage (therms)</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
January	100.3	\$135.74	\$151.34	\$15.60	11.49%
February	103.0	\$139.04	\$154.90	\$15.86	11.41%
March	85.1	\$116.67	\$130.59	\$13.93	11.94%
April	49.5	\$71.82	\$81.79	\$9.96	13.87%
May	21.0	\$35.07	\$41.02	\$5.95	16.98%
June	11.8	\$23.22	\$27.88	\$4.66	20.07%
July	7.6	\$17.78	\$21.85	\$4.07	22.87%
August	7.8	\$18.13	\$22.24	\$4.11	22.64%
September	8.2	\$18.61	\$22.77	\$4.16	22.34%
October	14.5	\$26.65	\$31.69	\$5.04	18.89%
November	48.2	\$70.20	\$79.99	\$9.79	13.94%
December	<u>118.0</u>	<u>\$157.43</u>	<u>\$174.72</u>	<u>\$17.29</u>	<u>10.98%</u>
Total	574.9 0.0	\$830.36	\$940.77	\$110.41	13.30%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**TYPICAL BILL COMPARISON**  
**Rate A (General Service)**  
**Current Rates: Rate RS-1 (Peoples)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8**  
**SCHEDULE 3**

LINE NO.	LEVEL OF <u>USAGE</u>	CURRENT <u>BILL</u>	PROPOSED <u>BILL</u>	DOLLAR <u>INCREASE</u> (C - B)	PERCENT <u>INCREASE</u> (D / B)
	(A)	(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$8.00	\$11.00	\$3.00	37.50%
2	10	\$21.48	\$25.31	\$3.83	17.85%
3	20	\$34.96	\$39.63	\$4.67	13.35%
4	30	\$48.44	\$53.94	\$5.50	11.36%
5	40	\$61.92	\$68.26	\$6.33	10.23%
6	50	\$75.40	\$82.57	\$7.17	9.51%
7	100	\$142.81	\$150.95	\$8.14	5.70%
8	150	\$205.87	\$217.04	\$11.17	5.43%
9	200	\$268.93	\$283.13	\$14.20	5.28%
10	250	\$331.99	\$349.22	\$17.23	5.19%
11	300	\$395.06	\$415.31	\$20.26	5.13%
12	350	\$458.12	\$481.40	\$23.28	5.08%
13	400	\$521.18	\$547.50	\$26.31	5.05%
14	450	\$584.25	\$613.59	\$29.34	5.02%
15	500	\$647.31	\$679.68	\$32.37	5.00%
16	600	\$773.43	\$811.86	\$38.43	4.97%
17	700	\$899.56	\$944.05	\$44.49	4.95%
18	800	\$1,025.69	\$1,076.23	\$50.54	4.93%
19	900	\$1,151.81	\$1,208.41	\$56.60	4.91%
20	1,000	\$1,277.94	\$1,340.60	\$62.66	4.90%
21	1,200	\$1,530.19	\$1,604.96	\$74.78	4.89%
22	1,400	\$1,782.44	\$1,869.33	\$86.89	4.88%
23	1,600	\$2,034.69	\$2,133.70	\$99.01	4.87%
24	1,800	\$2,286.94	\$2,398.06	\$111.12	4.86%
25	2,000	\$2,539.19	\$2,662.43	\$123.24	4.85%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**TYPICAL BILL COMPARISON**  
**Rate A (General Service)**  
**Current Rates: Rate CS-2 (Peoples)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8**  
**SCHEDULE 4**

LINE NO.	<u>LEVEL OF USAGE</u>	<u>CURRENT BILL</u>	<u>PROPOSED BILL</u>	<u>DOLLAR INCREASE (C - B)</u>	<u>PERCENT INCREASE (D / B)</u>
	(A)	(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$16.00	\$11.00	(\$5.00)	-31.25%
2	10	\$28.82	\$25.31	(\$3.51)	-12.18%
3	20	\$41.65	\$39.63	(\$2.02)	-4.85%
4	30	\$54.47	\$53.94	(\$0.53)	-0.97%
5	40	\$67.29	\$68.26	\$0.96	1.43%
6	50	\$80.12	\$82.57	\$2.45	3.06%
7	100	\$144.24	\$150.95	\$6.71	4.65%
8	150	\$203.33	\$217.04	\$13.71	6.74%
9	200	\$262.42	\$283.13	\$20.71	7.89%
10	250	\$321.51	\$349.22	\$27.71	8.62%
11	300	\$380.61	\$415.31	\$34.71	9.12%
12	350	\$439.70	\$481.40	\$41.70	9.49%
13	400	\$498.79	\$547.50	\$48.70	9.76%
14	450	\$557.89	\$613.59	\$55.70	9.98%
15	500	\$616.98	\$679.68	\$62.70	10.16%
16	600	\$735.16	\$811.86	\$76.70	10.43%
17	700	\$853.35	\$944.05	\$90.70	10.63%
18	800	\$971.54	\$1,076.23	\$104.69	10.78%
19	900	\$1,089.72	\$1,208.41	\$118.69	10.89%
20	1,000	\$1,207.91	\$1,340.60	\$132.69	10.99%
21	1,200	\$1,444.28	\$1,604.96	\$160.68	11.13%
22	1,400	\$1,680.65	\$1,869.33	\$188.68	11.23%
23	1,600	\$1,917.02	\$2,133.70	\$216.68	11.30%
24	1,800	\$2,153.39	\$2,398.06	\$244.67	11.36%
25	2,000	\$2,389.77	\$2,662.43	\$272.67	11.41%

MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
TYPICAL BILL COMPARISON  
BILL IMPACTS FOR AVERAGE RESIDENTIAL CUSTOMER  
CURRENT RATES: RATE RS-1

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-8  
SCHEDULE 5

<u>Month</u>	<u>Usage (therms)</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
January	100.3	\$143.18	\$151.34	\$8.16	5.70%
February	103.0	\$146.58	\$154.90	\$8.32	5.68%
March	85.1	\$122.74	\$130.59	\$7.85	6.40%
April	49.5	\$74.67	\$81.79	\$7.12	9.54%
May	21.0	\$36.27	\$41.02	\$4.75	13.09%
June	11.8	\$23.89	\$27.88	\$3.98	16.67%
July	7.6	\$18.22	\$21.85	\$3.63	19.94%
August	7.8	\$18.58	\$22.24	\$3.65	19.67%
September	8.2	\$19.09	\$22.77	\$3.69	19.31%
October	14.5	\$27.48	\$31.69	\$4.20	15.30%
November	48.2	\$72.97	\$79.99	\$7.02	9.62%
December	<u>118.0</u>	<u>\$165.49</u>	<u>\$174.72</u>	<u>\$9.23</u>	<u>5.58%</u>
Total	574.9 0.0	\$869.16	\$940.77	\$71.60	8.24%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**TYPICAL BILL COMPARISON**  
**Rate B (Commercial Service)**  
**Current Rates: Rate B (Midwest)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8**  
**SCHEDULE 6**

LINE NO.	LEVEL OF <u>USAGE</u>	CURRENT <u>BILL</u>	PROPOSED <u>BILL</u>	DOLLAR <u>INCREASE</u> (C - B)	PERCENT <u>INCREASE</u> (D / B)
	(A)	(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$16.00	\$22.00	\$6.00	37.50%
2	500	\$630.77	\$691.32	\$60.54	9.60%
3	1,000	\$1,224.10	\$1,322.82	\$98.73	8.07%
4	2,000	\$2,383.84	\$2,535.67	\$151.83	6.37%
5	3,000	\$3,543.59	\$3,748.51	\$204.92	5.78%
6	4,000	\$4,703.34	\$4,961.36	\$258.02	5.49%
7	5,000	\$5,863.08	\$6,174.20	\$311.12	5.31%
8	6,000	\$7,022.83	\$7,387.05	\$364.22	5.19%
9	7,000	\$8,182.58	\$8,599.89	\$417.32	5.10%
10	8,000	\$9,342.32	\$9,812.74	\$470.41	5.04%
11	9,000	\$10,502.07	\$11,025.58	\$523.51	4.99%
12	10,000	\$11,661.82	\$12,238.43	\$576.61	4.94%
13	15,000	\$17,460.55	\$18,302.65	\$842.10	4.82%
14	20,000	\$23,259.28	\$24,366.87	\$1,107.59	4.76%
15	25,000	\$29,058.02	\$30,431.10	\$1,373.08	4.73%
16	30,000	\$34,856.75	\$36,495.32	\$1,638.57	4.70%
17	35,000	\$40,655.48	\$42,559.54	\$1,904.06	4.68%
18	40,000	\$46,454.21	\$48,623.76	\$2,169.55	4.67%
19	45,000	\$52,252.95	\$54,687.99	\$2,435.04	4.66%
20	50,000	\$58,051.68	\$60,752.21	\$2,700.53	4.65%
21	55,000	\$63,850.41	\$66,816.43	\$2,966.02	4.65%
22	60,000	\$69,649.15	\$72,880.66	\$3,231.51	4.64%
23	65,000	\$75,447.88	\$78,944.88	\$3,497.00	4.64%
24	70,000	\$81,246.61	\$85,009.10	\$3,762.49	4.63%
25	75,000	\$87,045.35	\$91,073.33	\$4,027.98	4.63%
26	80,000	\$92,844.08	\$97,137.55	\$4,293.47	4.62%



**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**TYPICAL BILL COMPARISON**  
**Rate B (Commercial Service)**  
**Current Rates: Rate CS-2 (Peoples)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8**  
**SCHEDULE 7**

LINE NO.	LEVEL OF USAGE	CURRENT BILL	PROPOSED BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)
	(A)	(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$16.00	\$22.00	\$6.00	37.5%
2	500	\$28.82	\$691.32	\$662.49	2298.4%
3	1,000	\$41.65	\$1,322.82	\$1,281.18	3076.3%
4	2,000	\$54.47	\$2,535.67	\$2,481.20	4555.1%
5	3,000	\$67.29	\$3,748.51	\$3,681.22	5470.3%
6	4,000	\$80.12	\$4,961.36	\$4,881.24	6092.6%
7	5,000	\$144.24	\$6,174.20	\$6,029.97	4180.6%
8	6,000	\$203.33	\$7,387.05	\$7,183.72	3533.1%
9	7,000	\$262.42	\$8,599.89	\$8,337.47	3177.1%
10	8,000	\$321.51	\$9,812.74	\$9,491.22	2952.0%
11	9,000	\$380.61	\$11,025.58	\$10,644.97	2796.8%
12	10,000	\$439.70	\$12,238.43	\$11,798.73	2683.4%
13	15,000	\$498.79	\$18,302.65	\$17,803.86	3569.4%
14	20,000	\$557.89	\$24,366.87	\$23,808.99	4267.7%
15	25,000	\$616.98	\$30,431.10	\$29,814.12	4832.3%
16	30,000	\$735.16	\$36,495.32	\$35,760.15	4864.2%
17	35,000	\$853.35	\$42,559.54	\$41,706.19	4887.3%
18	40,000	\$971.54	\$48,623.76	\$47,652.23	4904.8%
19	45,000	\$1,089.72	\$54,687.99	\$53,598.27	4918.5%
20	50,000	\$1,207.91	\$60,752.21	\$59,544.30	4929.5%
21	55,000	\$1,444.28	\$66,816.43	\$65,372.15	4526.3%
22	60,000	\$1,680.65	\$72,880.66	\$71,200.01	4236.5%
23	65,000	\$1,917.02	\$78,944.88	\$77,027.86	4018.1%
24	70,000	\$2,153.39	\$85,009.10	\$82,855.71	3847.7%
25	75,000	\$2,389.77	\$91,073.33	\$88,683.56	3711.0%
26	80,000	\$0.00	\$97,137.55	\$97,137.55	#DIV/0!

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**TYPICAL BILL COMPARISON**  
**Rate C (Industrial Service)**  
**Current Rates: Rate C (Midwest)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8**  
**SCHEDULE 8**

LINE NO.	LEVEL OF <u>USAGE</u>	CURRENT <u>BILL</u>	PROPOSED <u>BILL</u>	DOLLAR <u>INCREASE</u> (C - B)	PERCENT <u>INCREASE</u> (D / B)
	(A)	(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$115.00	\$130.00	\$15.00	13.04%
2	500	\$708.97	\$735.21	\$26.24	3.70%
3	1,000	\$1,302.94	\$1,340.41	\$37.48	2.88%
4	2,000	\$2,490.87	\$2,550.83	\$59.96	2.41%
5	3,000	\$3,678.81	\$3,761.24	\$82.43	2.24%
6	4,000	\$4,844.25	\$4,935.88	\$91.63	1.89%
7	5,000	\$6,009.68	\$6,110.51	\$100.83	1.68%
8	6,000	\$7,175.12	\$7,285.15	\$110.03	1.53%
9	7,000	\$8,340.56	\$8,459.78	\$119.23	1.43%
10	8,000	\$9,505.99	\$9,634.42	\$128.42	1.35%
11	9,000	\$10,671.43	\$10,809.05	\$137.62	1.29%
12	10,000	\$11,836.87	\$11,983.69	\$146.82	1.24%
13	15,000	\$17,664.05	\$17,856.86	\$192.81	1.09%
14	20,000	\$23,491.23	\$23,730.03	\$238.80	1.02%
15	25,000	\$29,318.42	\$29,603.21	\$284.79	0.97%
16	30,000	\$35,145.60	\$35,476.38	\$330.78	0.94%
17	35,000	\$40,972.78	\$41,349.55	\$376.77	0.92%
18	40,000	\$46,799.96	\$47,222.72	\$422.76	0.90%
19	45,000	\$52,627.15	\$53,095.90	\$468.75	0.89%
20	50,000	\$58,454.33	\$58,969.07	\$514.74	0.88%
21	55,000	\$64,281.51	\$64,842.24	\$560.73	0.87%
22	60,000	\$70,108.70	\$70,715.42	\$606.72	0.87%
23	65,000	\$75,935.88	\$76,588.59	\$652.71	0.86%
24	70,000	\$81,763.06	\$82,461.76	\$698.70	0.86%
25	75,000	\$87,590.25	\$88,334.94	\$744.69	0.85%
26	80,000	\$93,417.43	\$94,208.11	\$790.68	0.85%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**TYPICAL BILL COMPARISON**  
**Rate D (Interruptible Service)**  
**Current Rates: Rate D (Midwest)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8**  
**SCHEDULE 9**

LINE NO.	LEVEL OF <u>USAGE</u>	CURRENT <u>BILL</u>	PROPOSED <u>BILL</u>	DOLLAR <u>INCREASE</u> (C - B)	PERCENT <u>INCREASE</u> (D / B)
	(A)	(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$325.00	\$350.00	\$25.00	7.7%
2	500	\$900.47	\$914.39	\$13.92	1.5%
3	1,000	\$1,475.95	\$1,478.78	\$2.84	0.2%
4	2,000	\$2,626.89	\$2,607.57	(\$19.32)	-0.7%
5	3,000	\$3,777.84	\$3,736.35	(\$41.49)	-1.1%
6	4,000	\$4,928.79	\$4,865.14	(\$63.65)	-1.3%
7	5,000	\$6,079.73	\$5,993.92	(\$85.81)	-1.4%
8	6,000	\$7,230.68	\$7,122.71	(\$107.97)	-1.5%
9	7,000	\$8,381.63	\$8,251.49	(\$130.13)	-1.6%
10	8,000	\$9,532.57	\$9,380.28	(\$152.30)	-1.6%
11	9,000	\$10,683.52	\$10,509.06	(\$174.46)	-1.6%
12	10,000	\$11,834.47	\$11,637.85	(\$196.62)	-1.7%
13	15,000	\$17,589.20	\$17,281.77	(\$307.43)	-1.7%
14	20,000	\$23,343.93	\$22,925.69	(\$418.24)	-1.8%
15	25,000	\$29,098.67	\$28,569.62	(\$529.05)	-1.8%
16	30,000	\$34,853.40	\$34,213.54	(\$639.86)	-1.8%
17	35,000	\$40,608.13	\$39,857.46	(\$750.67)	-1.8%
18	40,000	\$46,362.86	\$45,501.38	(\$861.48)	-1.9%
19	45,000	\$52,117.60	\$51,145.31	(\$972.29)	-1.9%
20	50,000	\$57,872.33	\$56,789.23	(\$1,083.10)	-1.9%
21	55,000	\$63,627.06	\$62,433.15	(\$1,193.91)	-1.9%
22	60,000	\$69,381.80	\$68,077.08	(\$1,304.72)	-1.9%
23	65,000	\$75,136.53	\$73,721.00	(\$1,415.53)	-1.9%
24	70,000	\$80,891.26	\$79,364.92	(\$1,526.34)	-1.9%
25	75,000	\$86,646.00	\$85,008.85	(\$1,637.15)	-1.9%
26	80,000	\$92,400.73	\$90,652.77	(\$1,747.96)	-1.9%

MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
TYPICAL BILL COMPARISON  
Rate D (Interruptible Service)  
Current Rates: Rate IS-3 (Peoples)

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-8  
SCHEDULE 10

LINE NO.	LEVEL OF USAGE (A)	CURRENT BILL (B)	PROPOSED BILL (C)	DOLLAR INCREASE (C - B) (D)	PERCENT INCREASE (D / B) (E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$0.00	\$350.00	\$350.00	#DIV/0!
2	10	\$12.02	\$914.39	\$902.37	7508.17%
3	20	\$24.04	\$1,478.78	\$1,454.75	6052.08%
4	30	\$36.06	\$2,607.57	\$2,571.51	7132.06%
5	40	\$48.07	\$3,736.35	\$3,688.28	7672.05%
6	50	\$60.09	\$4,865.14	\$4,805.05	7996.04%
7	100	\$120.19	\$5,993.92	\$5,873.74	4887.22%
8	150	\$180.28	\$7,122.71	\$6,942.43	3850.95%
9	200	\$240.37	\$8,251.49	\$8,011.12	3332.81%
10	250	\$300.46	\$9,380.28	\$9,079.81	3021.93%
11	300	\$360.56	\$10,509.06	\$10,148.50	2814.67%
12	350	\$420.65	\$11,637.85	\$11,217.20	2666.64%
13	400	\$480.74	\$17,281.77	\$16,801.03	3494.81%
14	450	\$540.84	\$22,925.69	\$22,384.86	4138.94%
15	500	\$600.93	\$28,569.62	\$27,968.69	4654.25%
16	600	\$721.11	\$34,213.54	\$33,492.42	4644.54%
17	700	\$841.30	\$39,857.46	\$39,016.16	4637.61%
18	800	\$961.49	\$45,501.38	\$44,539.90	4632.41%
19	900	\$1,081.67	\$51,145.31	\$50,063.64	4628.36%
20	1,000	\$1,201.86	\$56,789.23	\$55,587.37	4625.13%
21	1,200	\$1,442.23	\$62,433.15	\$60,990.93	4228.94%
22	1,400	\$1,682.60	\$68,077.08	\$66,394.48	3945.95%
23	1,600	\$1,922.97	\$73,721.00	\$71,798.03	3733.70%
24	1,800	\$2,163.34	\$79,364.92	\$77,201.58	3568.63%
25	2,000	\$2,403.71	\$85,008.85	\$82,605.13	3436.56%
26	0	\$0.00	\$90,652.77	\$90,652.77	#DIV/0!

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**TYPICAL BILL COMPARISON**  
**Rate E (Transportation Service)**  
**Current Rates: Rate E (Midwest)**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-8**  
**SCHEDULE 11**

LINE NO.	LEVEL OF <u>USAGE</u>	CURRENT <u>BILL</u>	PROPOSED <u>BILL</u>	DOLLAR <u>INCREASE</u> (C - B)	PERCENT <u>INCREASE</u> (D / B)
	(A)	(B)	(C)	(D)	(E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$0.00	\$350.00	\$350.00	N/A
2	10,000	\$573.00	\$1,048.90	\$475.90	83.1%
3	20,000	\$1,146.00	\$1,747.80	\$601.80	52.5%
4	30,000	\$1,719.00	\$2,446.70	\$727.70	42.3%
5	40,000	\$2,292.00	\$3,145.60	\$853.60	37.2%
6	50,000	\$2,865.00	\$3,844.50	\$979.50	34.2%
7	75,000	\$4,297.50	\$5,591.75	\$1,294.25	30.1%
8	100,000	\$5,730.00	\$7,339.00	\$1,609.00	28.1%
9	125,000	\$7,162.50	\$9,086.25	\$1,923.75	26.9%
10	150,000	\$8,595.00	\$10,833.50	\$2,238.50	26.0%
11	175,000	\$10,027.50	\$12,580.75	\$2,553.25	25.5%
12	200,000	\$11,460.00	\$14,328.00	\$2,868.00	25.0%
13	225,000	\$12,892.50	\$15,664.75	\$2,772.25	21.5%
14	250,000	\$14,325.00	\$17,001.50	\$2,676.50	18.7%
15	275,000	\$15,757.50	\$18,338.25	\$2,580.75	16.4%
16	300,000	\$17,190.00	\$19,675.00	\$2,485.00	14.5%
17	325,000	\$18,622.50	\$21,011.75	\$2,389.25	12.8%
18	350,000	\$20,055.00	\$22,348.50	\$2,293.50	11.4%
19	375,000	\$21,487.50	\$23,685.25	\$2,197.75	10.2%
20	400,000	\$22,920.00	\$25,022.00	\$2,102.00	9.2%
21	425,000	\$24,352.50	\$26,358.75	\$2,006.25	8.2%
22	450,000	\$25,785.00	\$27,695.50	\$1,910.50	7.4%
23	475,000	\$27,217.50	\$29,032.25	\$1,814.75	6.7%
24	500,000	\$28,650.00	\$30,369.00	\$1,719.00	6.0%

**MIDWEST GAS CORPORATION**  
**IURC CAUSE NO. 43229**  
**COST OF SERVICE STUDY**  
**CALCULATION OF REVENUES AT PROPOSED RATES**

**DATA: 12 MONTHS ENDED AUGUST 31, 2006**  
**TYPE OF FILING: CASE-IN-CHIEF**  
**WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-9**  
**PAGE 1 OF 2**

<u>Description</u>	<u>Number of Bills (1)</u>	<u>Billing Quantities (therms) (2)</u>	<u>Proposed Margin Rates (\$/therm) (3)</u>	<u>Proforma Cost of Gas (\$/therm) (4)</u>	<u>Proposed Effective Rates (3)</u>	<u>Revenues From Gas Sales at Proposed Rates (4)</u>	<u>Misc. Revenues (5)</u>	<u>Total Revenues (4) + (5) (6)</u>	<u>Cost-of- Service (Proforma B Revenues) (7)</u>	<u>(Over)/Under Recovery (7) - (6) (8)</u>	<u>(Over)/Under Recovery Percentage (8) / (7) (9)</u>
<b><u>Rate A (General Service)</u></b>											
Service Charge	170,604		\$11.00		\$11.00	\$1,876,644					
Block 1		4,597,063	\$0.36509	\$0.00000	\$0.36509	\$1,678,342					
Block 2		2,270,300	\$0.30119	\$0.00000	\$0.30119	\$683,792					
Block 3		2,919,311	\$0.25552	\$0.00000	\$0.25552	\$745,942					
Total Therms and Margins	170,604	9,786,674				\$4,984,720					
Reconciliation Factor						0.997859					
Adjusted Margins						\$4,974,048	\$168,446	\$5,142,494	\$5,142,481	(\$14)	-0.0003%
<b><u>Rate B (Commercial Service)</u></b>											
Service Charge	5,388		\$22.00		\$22.00	\$118,536					
Block 1		358,049	\$0.27232	\$0.00000	\$0.27232	\$97,504					
Block 2		978,422	\$0.27232	\$0.00000	\$0.27232	\$266,444					
Block 3		671,670	\$0.19670	\$0.00000	\$0.19670	\$132,117					
Block 4		2,451,556	\$0.14653	\$0.00000	\$0.14653	\$359,227					
Total Therms and Margins	5,388	4,459,697				\$973,828					
Reconciliation Factor						0.997859					
Adjusted Margins						\$971,743	\$16,183	\$987,926	\$987,923	(\$4)	-0.0004%
<b><u>Rate C (Industrial Service)</u></b>											
Service Charge	174		\$130.00		\$130.00	\$22,620					
Block 1		432,187	\$0.14410	\$0.00000	\$0.14410	\$62,278					
Block 2		1,067,731	\$0.10832	\$0.00000	\$0.10832	\$115,657					
Total Therms and Margins	174	1,499,918				\$200,555					
Reconciliation Factor						0.997859					
Adjusted Margins						\$200,125	\$1,088	\$201,214	\$201,214	\$0	0.0001%

MIDWEST GAS CORPORATION  
IURC CAUSE NO. 43229  
COST OF SERVICE STUDY  
CALCULATION OF REVENUES AT PROPOSED RATES

DATA: 12 MONTHS ENDED AUGUST 31, 2006  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID

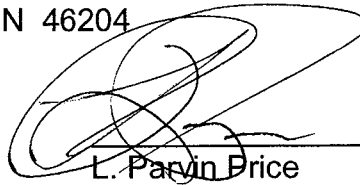
PETITIONER'S EXHIBIT KAH-9  
PAGE 2 OF 2

Description	Number of Bills (1)	Billing Quantities (therms) (2)	Proposed Margin Rates (\$/therm) (3)	Proforma Cost of Gas (\$/therm) (4)	Proposed Effective Rates (3) (5)	Revenues From Gas Sales at Proposed Rates (4) (6)	Misc. Revenues (5) (7)	Total Revenues (4) + (5) (6) (7)	Cost-of- Service (Proforma B Revenues) (7) (8)	(Over)/Under Recovery (7) - (6) (8) (9)	(Over)/Under Recovery Percentage (8) / (7) (9)
<b><u>Rate D (Interruptible Service)</u></b>											
Service Charge	83		\$350.00		\$350.00	\$29,050					
All Therms		1,075,336	\$0.0625	\$0.0000	\$0.06247	\$67,176					
Total Therms and Margins	83	1,075,336				\$96,226					
Reconciliation Factor						<u>0.997859</u>					
Adjusted Margins						\$96,020	\$0	\$96,020	\$96,016	(\$4)	-0.0042%
<b><u>Rate E (Transportation Service)</u></b>											
Service Charge	82		\$350.00		\$350.00	\$28,700					
First 200,000 therms		9,381,542	\$0.06989	\$0.00000	\$0.06989	\$655,676					
Over 200,000 therms		1,799,761	\$0.05347	\$0.00000	\$0.05347	\$96,233					
Total Therms and Margins	82	11,181,303				\$780,609					
Reconciliation Factor						<u>0.997859</u>					
Adjusted Margins						\$778,938	\$0	\$778,938	\$778,943	\$5	0.0007%
Total Therms and Revenue	<u>176.331</u>	<u>28,002,928</u>				<u>\$7,020,875</u>	<u>\$185,718</u>	<u>\$7,206,593</u>	<u>\$7,206,577</u>	<u>(\$16)</u>	<u>-0.0002%</u>

## CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing has been served upon the following counsel of record by hand delivery, this 25<sup>th</sup> day of May, 2007:

Leja Courter  
Indiana Office of Utility Consumer Counselor  
Indiana Government Center North  
Room N501  
Indianapolis, IN 46204

A handwritten signature in black ink, appearing to read "L. Parvin Price", is written over a horizontal line.

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